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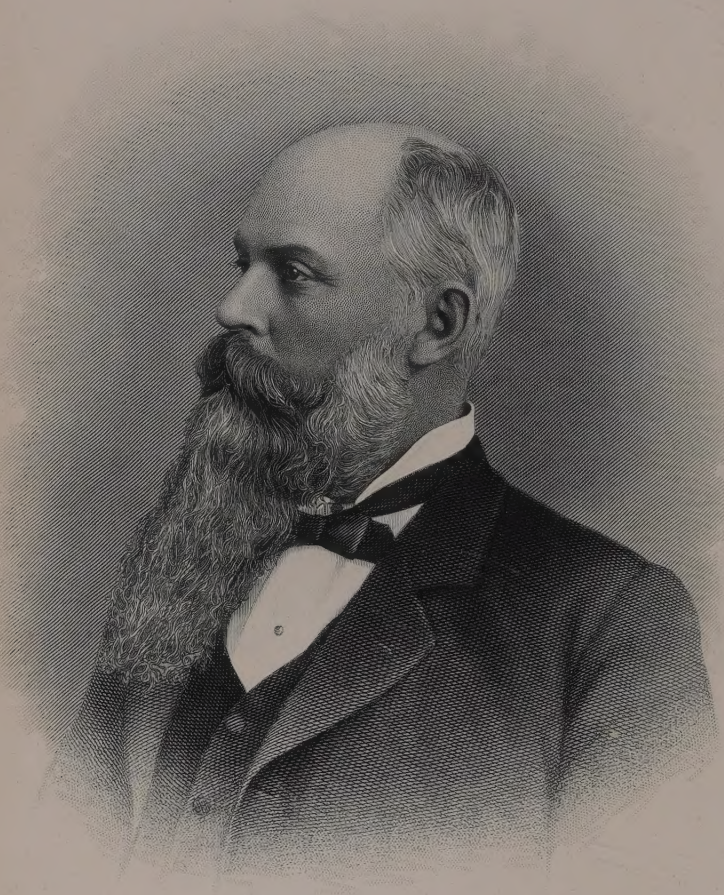

Merrill Tabor

THE

Three Systems

OF

LIFE INSURANCE,

EMBRACING

I. The Level Premium System.

II. The Natural Premium System.

III. The Assessment System.

BY

MERVIN TABOR,

Late Actuary of the INSURANCE DEPARTMENT OF ILLINOIS, and Manager of THE BUREAU OF LIFE INSURANCE INFORMATION.

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PREFACE TO THE SIXTH EDITION.

THE degree of favor with which "The Three Systems of Life Insurance" has been received, is indicated by the fact that already five large editions have been exhausted.

So appreciative have been the comments of the insurance press, and so gratifying the letters received from gentlemen of the highest repute as Life Insurance Experts, that the author takes this occasion to make his profound acknowledgments for the kindness shown his work.

More than ever, he is convinced, that were this little book the only result of his life's work, he would not have lived entirely in vain.

"All sorts and conditions of men" have a vital interest in the subject treated upon in these pages. That he has been able to sweep away the mists which have surrounded it and unravelled its supposed intricacies and mysteries, so that the wayfarer may easily understand has been sufficiently attested.

It is not claimed that all has been said that might have been, indeed, the great labor has been to condense and simplify, not to expand. However, as perfection is never reached by human mind or pen in any department of thought, and as the highest excellence is only attained by successive steps, the author now presents this Sixth Edition, carefully revised and somewhat increased in size and scope.

The principal features of the revision are:

1. Twenty-four tables illustrating the Level Premium System.

2. A statement of the modifications recently made in Mr. Sheppard Homans' Plan, as operated by the "Provident Savings Life Assurance Society, of New York."

3. The Natural Premium System as illustrated by policies of "The Life Indemnity and Investment Company, of Waterloo, Iowa."

4. The Imperial Life Insurance Company, of Detroit, Mich.

5. The Fouse Plan—restated.

6. The Kansas Mutual Life Association of Hiawatha, Kansas.

7. A complete alphabetical index—a most valuable feature of the edition.

The author has given his best thoughts to this work, without any bias whatever, being desirous of doing evenhanded justice to each system. Whatever of technical knowledge he may have gained in the special field in which he has labored, for a period of nearly thirty years, has been drawn upon for the public good.

MERVIN TABOR.

Chicago, 1888.

CONTENTS.

Page.

Introduction 7

CHAPTER I.

Fire Insurance.—Life Insurance.—Man as Productive Property.—That Business Block.—The Successful Capitalist.—The Young Business Man.—The Law of Mortality.—How Mortality Tables are made.—The Two Tables used most extensively in America..... 17

CHAPTER II.

Actuary.—Assets.—Brokerage.—Commissions.—Stock Companies.—Mixed Companies.—Contribution System of Dividends.—Cash Dividends.—Reversionary Dividends.—Expectation of Life.—Forfeiture.—Lapse.—Loading.—Loss.—Mortality..... 22

CHAPTER III.

Policy.—Single-Payment Life, with Example.—Five-Payment Life, with Example.—Ten-Payment Life, with Examples (1) and (2).—Fifteen-Payment Life.—Twenty-Payment Life.—Ordinary Life, with Example.—Term Life.—Renewable Term Life.—Quarterly Renewable Term Life..... 27

CHAPTER IV.

Endowment Insurance.—Ordinary Endowments.—Limited Payment Endowments.—Endowment Compared with Term Insurance.—The Investment Element.—The Insurance Element.—Assumed Examples, at ages 20, 25, 30, 35.—An Endowment Premium Analyzed.—Actual Results Shown in Matured Endowments.—Seven Examples.—What a Stampede if our National Banks were to Offer the same Investments combined with Cheap Insurance.—Semi-Endowments..... 31

CHAPTER V.

Tontine Insurance.—Semi-Tontine Insurance.—McClintock's Description of them.—Senate Resolution No. 100, of the Ohio Legislature.—A Committee of Investigation.—Members of the Committee.—The Investigation.—Report of the Committee.—Sworn Testimony.—Remarks, etc. etc.—Lapses of Tontine as Compared with Non-Tontine Insurance in the New York Life Insurance Company.—Dividends on Tontine and Non-Tontine Policies in the New York Life; twelve examples.—Premiums.—Premium Notes.—Surplus.—Value of a Policy.—The Reserve.—Abstract of Net Values.—Life Insurance Failures.—Life Insurance Expenses as Compared with those of Fire Insurance and Railroad Corporations.—The New Test of Economy.—What Elizur Wright said..... 39

CHAPTER VI.

The Level Premium System.—Its Distinguishing Characteristics.—Requisites for Soundness and Permanency.—Analysis of a Level Premium.—The Reserve Element.—The Mortality Element.—The Expense Element.—Sources of Dividends.—Lapses and Forfeitures.—Cash Surrender Values, etc., etc..... 59

CHAPTER VII.

Classification of the Level Premium Companies.—Class A, Class B, Class C.—Class A Defined.—The Massachusetts Non-Forfeiture Law of 1880.—Letter from Elizur Wright.—Letter from the New England Mutual Life Insurance Company.—Letter from the State Mutual Life Insurance Company.—Letters from the Massachusetts Mutual Life Insurance Company.—Letter from the John Hancock Mutual Life Insurance Company.—Letter from the Berkshire Life Insurance Company.—Five Examples Illustrating the Workings of the Law 71

CHAPTER VIII.

Class B Defined.—The Non-Forfeiture Law of Maine.—Examples Illustrating It.—The Non-Forfeiture Law of Michigan, as Amended in 1881.—Table Illustrating it as applied to an Ordinary Life Policy.—Examples of Policies issued by Companies in Class B.—Ten-Year Renewable Term Policies.—Rates at all Ages.—Actual Results. 84

CHAPTER IX.

Class C Defined—The New York Insurance Law of 1880.—Three Examples of Matured Endowments in a C Class Company,—The Iowa Insurance Law with Reference to Reserves.—An Actual Example Illustrating it.—An Assumed Example of a Tontine Policy, with Extended Remarks on the same.—Results of Matured Tontine Policies.—A List of Level Premium Companies..... 94

CHAPTER X.

The Natural Premium System.—Its Distinguishing Characteristics.—Requisites for Soundness and Permanency.—The Elements of a Level Premium Compared with the Elements of a Natural Premium.—Table A, showing the Reserve and Amount of Insurance at Risk on a Level Premium Policy of $10,000, age 40, for 27 years.—Remarks on the same.—Table B, showing the Reserve and Amount of Insurance at Risk on a Natural Premium Policy of $10,000, age 40, for 27 years.—Remarks on the same.—Table C, showing the Net and Gross Natural Premiums for $1,000, ages 20 to 99, inclusive.—Remarks on the same.—Uniform Per Centum Loading discussed.—Sheppard Homan's Plan.—Three Forms of Policies Analyzed.—The Life Indemnity and Investment Company.—Example of Policy with Rates.—Remarks.—Life Insurance Laws.—Example of Bond.—Imperial Life of Detroit.—Kansas Mutual Life Association.—Analysis of its Natural Premium Rates.—Guaranty Fund.—Dividends.—Table of Rates.—Blank Form of Policy.—Remarks.... 127

CHAPTER XI.

The Assessment System.—Its Distinguishing Characteristics. Requisites for Soundness and Permanency.—The Fouse Plan, as operated by the Fidelity Mutual Life Association.—The Foundation Principles.—Proof of the Sufficiency of the Rates.—Table No. 3.—Explanation and Application of Table No. 3, —Table No. 5, Giving Maximum Assessments.—Remarks.—Equation Rate of this Plan.—Notations.—Formula.—Corporate Powers, By-Law and Contract Provisions.—Remarks..... 154

CHAPTER XII.

The Safety Fund Plan of Assessment Insurance, operated by the Hartford Life and Annuity Insurance Company.—Admission Fees.—Annual Dues.—Mortuary Payments.—

How the Safety Fund is Accumulated.—How it must be Invested.—How it must be Handled.—When it can be Distributed.—Interest Dividends from it.—Who are entitled to Participate.—Why the Company can pay Face Values of all Certificates without Burdensome Assessments.—Actual Cost to Members First Six Years.—Full Text of Certificate of Membership.—Full Text of the Trustee's Contract.—Table of Graduated Assessment Ratios..... 181

CHAPTER XIII.

Synopsis of the Massachusetts Law of 1885, on Assessment Insurance, by the Hon. John K. Tarbox.—His General Remarks on the same.—His Comparison of Assessment Insurance with "Old Line" Insurance.—"Co-operative Business," by Hon. John A. McCall, Jr., Supt. of the New York Insurance Department.—"Catch Penny Institutions."—Resolutions of the Executive Committee of the Mutual Benefit Life Associations of America.—The Superintendent's Remarks on the same.—Co-operative Insurance, by the Hon. Ephraim Williams, Insurance Commissioner of Connecticut.—His Remarks on the Grouping of Different Ages for purposes of Assessments. 196

CHAPTER XIV.

Article on Interest.—Interest Laws of the States and Territories.—Penalties for Violation of the same.—Explanation of the Tables.—Tables..... 202

INTRODUCTION.

The idea of publishing the work here presented did not suggest itself until much of the material that it contains had accumulated for the private use of the author.

Since the organization of **The Bureau of Life Insurance Information**, in 1881, many letters have been received from different localities throughout the United States and Territories, and from Canada, asking for information. These letters cover a wide range of inquiry upon subjects involving the elementary principles of Life Insurance. To answer these much time and labor have been required. The following, copied at random from a few of these letters, will convey an idea of their general scope:

1. *What is a Mortality Table, and where can I obtain one?*
2. *What is the difference between the reserve and the surplus of a company?*
3. *Why is the dividend on a Life Policy larger the tenth, than it is the fifth, year?*
4. *I have one policy that was taken out nearly thirty years ago, but the dividend this year is not so large as it was ten years ago. I have another that is only six years old, and the dividend has increased every year. Why is this?*
5. *Why can't Life Insurance be done the same way that Fire Insurance is?*
6. *Please explain Endowment Insurance.*
7. *What is Tontine Insurance?*
8. *What is meant by the expression, "Actuaries' 4 per cent."?*
9. *Please explain the new Massachusetts' Non-Forfeiture Law.*
10. *What do you think of the Homans plan of Insurance? Isn't it Assessment Insurance in a new dress?*
11. *Which is the best* ASSESSMENT COMPANY?
12. *An agent tells me that the New York Non-Forfeiture law compels all New York companies to pay a definite amount, in cash, for a policy after it has been running three or more years. Please explain this, How does it differ from the Massachusetts' law?*

13. *Is there any good Assessment Company that issues Endowment Life Insurance policies?*

14. *What is meant by "The Expectation of Life," a phrase used so often by Life Insurance men?*

15. *What are the sources of dividends in the "Old Line" companies? Why can't we pay less for insurance and not receive any dividends?*

16. *I want $10,000 life insurance to be paid for in ten years, as an estate to go to my wife and children after my death. I also want $10,000 payable to my boy, now six years old, when he is twenty-one, or to a trustee for him should I die before he does; and I want $10,000 for the next ten or fifteen years, the cheapest insurance that can be had consistent with security. Please give me the information necessary for an intelligent selection of companies, and send bill for services.*

17. *An agent has been in to see me several times trying to insure me for $10,000 on what he calls the "The Reserve Addition" plan, or "The Accumulation" plan, I think it is. I am to pay for it in ten years, and he says that at the end of nineteen years I will receive the $10,000, in cash, if I live until then, but if I die before that time my wife will receive the whole amount. Do you think a company can do such a thing? Please answer in detail and send your bill.*

18. *If I insure for $10,000, and die the first year, how can a company afford to pay my wife and children the $10,000? I don't understand it. Please explain and send charges.*

19. *What is an actuary? Do they have actuaries in fire insurance companies?*

20. *I noticed in a recent issue of a Chicago paper your card advertising a* Bureau of Life Insurance Information. *As I am largely interested in Life Insurance I naturally desire to gain such information concerning this interest as may be of value to me. Your reply intimating what you may have to offer will be appreciated by me. Enclosed find stamp.*

21. *How can an* Assessment Company *safely issue Endowment policies?*

22. *What are* Reversionary Additions *or* Dividends?

23. *What is the difference between "*Old Line*" insurance and* Assessment *insurance? Are not the principles upon which they are based the same?*

24. *Is there any good* ASSESSMENT COMPANY *that makes assessments only three or four times a year, at stated fixed dates? Please reply.*

25. *Why are the* "OLD LINE" *called* "LEVEL PREMIUM" *companies?*

26. *Why is it necessary that so many of the Mutual* "OLD LINE" *companies have so much money "in reserve" as they call it? If they are Mutual, why don't they pay back to their members this money, and not pile it up to be preyed upon, perhaps, by avaricious officers? I don't understand it. Please explain.*

27. *What is a "natural premium"?*

28. *I have had a policy in the ——— Company for nearly sixteen years, and I asked what they would pay me for it, in cash, and they won't pay a red cent! They say that they are selling insurance, not buying it.* (This gentleman describes his policy—tells how much he has paid on it, in cash, and wants to know if it is worth anything.)

The above extracts from a few of the thousands of letters received, during the last four years, sufficiently indicate the eagerness with which the general public are seeking impartial and reliable information on the subject of life insurance. One object, therefore, in the publication of this book, was to more fully supply this demand, and, at the same time relieve the office, possibly, from a large amount of correspondence on certain topics. Nearly every question given above is answered in this book more completely than could be done by letter, and at much less expense to the correspondent; besides it gives much additional information that could not possibly be communicated in one or fifty letters.

The book has been written from an absolutely impartial stand-point, as the reader will readily perceive in the perusal of its pages, and therein consists one of its principal merits.

The Three Systems of Life Insurance find expression in the different conditions, tastes and surroundings of the insured and the insurable, in every community. They exist, because there is a demand for them.

One person desires cheap insurance combined with Investment. The investment is the principal idea. He would not take the insurance, no matter how cheap, without the investment; but to secure the *investment*, he will accept the insurance. This man represents a large class in every populous community. **The Level Premium System**, with its ENDOWMENT, TONTINE, and SEMI-TONTINE policies, by whatever names designated, supplies the demand.

Another wants Life Insurance as an estate. He thinks that every one who has a family to support, ought to indemnify them against possible loss, and consequent suffering, by his death. He does not regard life insurance as an *investment*. Indemnity first; an estate, afterwards, are the leading ideas. He believes that he can take care of his family while he lives, and, if the payments be limited to ten, fifteen or twenty years, he can pay for such a policy during the productive period of his life. He wants a good policy contract; one that will be Non-Forfeitable and incontestable, after a certain number of years. If he were to become a lunatic after the payment of several premiums, and were to commit suicide, perhaps, he does not want to involve his family in a lawsuit with a rich corporation. If from reverses in business he were to become despondent, and dissolute in his habits, he does not want his reserves in the company's possession confiscated. He wants a policy-contract—and he will accept no other—that, after the payment of two or three years' premiums, in cash, will be, *without further stipulation or negotiation*, good for a certain amount of paid-up insurance covering the whole period of life; or, one that will be extended for its full face value until the reserve has been exhausted in payment for such extension. Dividends with him are of secondary consideration. This man represents a very large class, and its demands must be responded to. If a selection of companies be wisely made, **The Level Premium System**, with its 10, 15, or 20 annual payment life policies, fully supplies the demand.

There is another who represents a different class from those already mentioned. He wants life insurance; believes in it, but thinks that he can handle his own money better than any insurance company can handle it for him. He can make his own *investments*, as he expresses it. He wants pure insurance, for a definite amount guaranteed in the policy, without any "ifs" or "provideds" about it, and he wants it for only the productive period of his life, and it must be cheap. He prefers to pay for it, quarterly, *in advance*. When he pays his premium, he wants to know how much he is paying for *insurance;* how much for *expenses*, and how much for *contingencies*. He is willing to pay an equitable amount, from quarter to quarter, for a definite amount of insurance, including expenses and contingencies, but not one penny, additional, to accumulate in the treasury of the company, and that can *not* be used, if necessary, in payment of current death claims. He is willing to pay for such insurance at an increasing cost from year to year, as age increases. To this demand from a very numerous class, **The Natural Premium System responds.**

And there is yet another who represents an *entirely* different class. Neither of the two systems named conforms to either his

ideas or his *purse*. He wants to pay for a thing when he gets it; not before. The idea of fifty or a hundred, or *several* hundred individuals, more or less, associating themselves together in a kind of society, or brotherhood, and, whenever one of their number dies, each of the remaining members to pay a certain sum named to the bereaved family, this plan of insurance, as he calls it, seems to commend itself to him. They may all be engaged in the same occupation, conductors, engineers, &c., &c.; or, they may be employed in the different departments of the same corporation, or of similar corporations in different parts of the country; or, they may be members of the same secret society, board of trade, or produce exchange, and, although no definite sum is named to be paid to the widow and children of a deceased brother, yet each contributes what he had pledged, when the emergency occurs. Such societies exist in response to the demands of a very large class of respectable people. They are called **assessment societies**. It is true that not one scientific principle upon which sound life insurance is based—except that of association—enters into the organization of this kind of societies; but in thousands of instances the contributions, thus made, have paid all the funeral expenses, and a very considerable sum has been left with which to provide shelter, food, fuel, and clothing for the bereaved family! Who can have a heart so pulseless and cold as to not feel glad that the otherwise shelterless, homeless, penniless, widowed mother, and the fatherless children have thus found relief, though it be but temporary, through the benefactions of these *most primitive* assessment societies? In some of them are to be found well to-do men. Many of them are insured in *other* organizations, and in the **Level premium companies**, but they have become members of these societies, mainly, in a great many instances, to help and encourage those who are not able to pay for any other kind of indemnity. Among them are foremen of the different departments of large manufacturing establishments, and, not infrequently, the manufacturers and the railroad officials themselves.

There is another class of assessment societies that has been organized on *quasi* scientific principles. A mortality table, or the rates of some Level premium company, *was consulted;* but, in a large number of cases, the leaders who took the initiative in the organizations, were not sufficiently familiar with the science of life insurance to know how to utilize them. The membership is separated into classes, according to their ages, each class including several ages. "Once in a class always in the *same* class," is their motto, and the assessment for each death is never to be increased. This distinctive feature is kept well in the foreground as one of the reasons for becoming a member. "Your assessment will never be increased." The reason given

by one of this class, for not increasing the rate of assessment, as the age increases and consequently the *cost*, is the following:

"*And as they advance in age the cost to a member does not increase, for every death in the ranks is replaced by a vigorous young member, and the average mortality forever remains about the same.*"

The organizers of this class of societies did not seem to comprehend the fact that when a member was classified at age 60, for instance, with a permanent rate of assessment at, say, $1.80 for each death, he might live to be 75, when the cost of carrying him would be more than three and a half times as much as when he entered the society. It is at this class of societies that the Level premium companies have fired their most effective missiles, and with the most fatal results. Hundreds of them have run for a few years and then retired, the direct results of *unscientific rating*. Such societies may be found all over this country, struggling to perpetuate an existence. Their efforts remind one of an attempt to build a high tower, at an angle of thirty-three and one-third degrees off the perpendicular. Such a tower may be built, quite high, if the base be broad; but, if continued, after a time the center of gravity will fall outside the base when the structure will tumble; not necessarily because the workmen were inefficient, nor that the bricks and mortar were of bad materials, but because they were building against the great law of gravitation. It might be propped up for a time, and the work of construction be continued, but eventually the structure will fall to the ground, a shapeless mass of bricks and mortar. Thus has it been, and it always will be, with *this class* of assessment societies. When one of these has been in existence long enough for its center of gravity to fall outside its base, it has tottered, reeled, and then fallen to the ground. They have fallen like dead leaves of the forest before the autumnal blasts! There is nothing known in the whole range of life insurance mathematics and experience that can compensate for such unscientific rating. New blood can not do it. It may postpone the day of retribution, *for several years*, even, but it is sure to come. It is the penalty for violation of the great law of mortality, that pervades the entire human family.

During the last ten years a few scientific men have been investigating the subject of assessment insurance. These, together with others who possess large business capacities, have wrought a wonderful improvement in the system, as a **system**. The question has finally taken shape in the **Convention of Mutual Benefit Life Associations of America**. This convention, at its last session, adopted a series of resolutions which resulted in the appointment of L. G. FOUSE, Esq., of Philadelphia, Pa., to prepare a standard of rates. Through the politeness of this

gentleman, proof sheets of his report have been placed at the disposal of the author, portions of which will be found in the following pages :

Under the existing insurance laws of the States, no assessment company or society can *absolutely guarantee* payment of the full face value of its certificate without making itself liable for the same reserve, from year to year, as is required under the **Level premium system.** As a matter of fact it cannot guarantee *any, definite* sum, in dollars and cents, without assuming a corresponding liability of reserve. And this is as it should be. These societies may be able to pay the full amount named in their policies or certificates, and some of them *have done so,* since date of organization, but they cannot *agree* to do so, in their policy contracts, for reasons stated above. The question before the National Convention above alluded to, seems to be, substantially this: *How can we grade our rates and adjust our machinery so as to pay the full face value of our certificates without being liable for Level premium reserves?* If the report of MR. FOUSE be adopted, by the National Convention, assessment insurance will have made a giant stride in the right direction.

It is not the province of this work to advocate any *one* system of life insurance to the exclusion of the others. Its purpose is to portray the characteristic features of the THREE SYSTEMS, and to point out the requisites for soundness and permanency as dictated by scientific and recognized business principles. No comparisons are made except to define technical terms, and to illustrate principles. The examples of *real* policies used quite freely are for the *sole* purpose of illustration, and, in order to avoid the very appearance of *favoritism* the names of the companies that issued them, and, also, of the persons insured by them, are purposely omitted.

Considerable space is occupied in explaining the TONTINE, and SEMI-TONTINE forms of insurance, under THE LEVEL PREMIUM SYSTEM, and the more scientific forms of THE ASSESSMENT SYSTEM, because there seems to be at the present time, a demand for unbiassed and reliable information on these subjects.

TONTINE insurance has been vigorously assaulted through the leading press, east and west. MR. WOLCOTT, of the Ohio Senate, expresses it in the preamble of his resolutions, calling for an investigation of the subject, as follows:

"WHEREAS.—Complaints for several years past have become general in Ohio, against the inequitable and unjust plans and methods of the Tontine insurance business as conducted by such companies foreign to Ohio ; and,

"WHEREAS.—The leading journals of this and other States have recently made startling exposures, if true, of such plans and methods, which are most unjust to policy-holders in such companies ; and

"WHEREAS.—Legislation seeking to arrest abuses and to protect the people of Ohio has been instituted by this GENERAL ASSEMBLY;

now, therefore, for the purpose of aiding such legislation and furnishing necessary information to the insurance department of Ohio as a basis for future legislation, *Be it Resolved, &c., &c.*"

The resolutions, in full, as well as the committee's report after it had completed its examinations, may be found in the following pages:

Considerable space has also been given to the discussion of the Massachusetts' Non-Forfeiture law of 1881. There seems to exist a difference of opinion with reference to the cash-surrender value feature of this law. A correspondence was therefore had with all the Massachusetts companies, and with the Hon Elizur Wright, with reference to that particular feature of the law. This correspondence is both interesting and instructive, and it has been given, therefore, to the readers of this book, together with several *assumed* examples of policies illustrating the *general* features of the law.

As this book has been written mainly for the public in general, extreme care has been exercised in the use of technical terms. If forced to use them they have either been fully defined in preceding pages, or they are explained where used. Such expressions as ACTUARY, REVERSIONARY DIVIDENDS; ACTUARIES' 4 PER CENT.; AMERICAN 4 PER CENT.; NET VALUE OF A POLICY; LEGAL RESERVE; TONTINE, SEMI-TONTINE, &c., &c., are defined in their appropriate places.

The attention of the reader is called to the analysis of **Endowment Insurance**, in Chapter IV, commencing on page 31. The **Endowment** is a very popular form of insurance, because it provides indemnity in a *double* sense; indemnity to the family or other beneficiary, in the event of the death of the insured within a specified period of time—usually ten, fifteen, twenty, or twenty-five years—and indemnity against possible want and suffering at some future time growing out of financial embarrassment. Much the larger portion of the payments made on an endowment policy is guaranteed to earn compound interest, whether the insured die during the endowment period or live until its expiration. This subject is fully illustrated by *assumed* and *actual* examples of policies.

The article on LIFE INSURANCE FAILURES, page 54, taken from a pamphlet entitled "LIFE INSURANCE," &c., published by the GLOBE NEWSPAPER COMPANY, Boston, is worthy of careful perusal.

THE ARTICLE ON LIFE INSURANCE EXPENSES, page 56, by which the expenses of life insurance companies are compared with those of fire insurance, and railroad corporations, will be a surprise to those who are not already familiar with the facts.

Chapter VI, page 59, commences the analysis of **The Three Systems of Life Insurance**, beginning with the Level Premium system. In this and the following chapters the

distinguishing characteristics of the THREE SYSTEMS are discussed, together with THE REQUISITES FOR SOUNDNESSS AND PERMANENCY. The *reserve* in the LEVEL PREMIUM SYSTEM; the *reserve* in THE NATURAL PREMIUM SYSTEM, and the *reserve* in THE ASSESSMENT SYSTEM, are, each, plainly defined, so that any one of ordinary intelligence may not only understand them, but also detect their differences. The *reserve* in THE LEVEL PREMIUM SYSTEM is entirely different from that in either of the other two systems. It means accumulation It cannot be used in payment of current death claims. It constitutes more than ninety per cent. of the entire assets of all THE LEVEL PREMIUM COMPANIES. The *reserve* on a policy in THE NATURAL PREMIUM SYSTEM is at its maximum at the beginning of a policy year, and entirely disappears at the end of the year. It is all used in payment of death claims during the year, but it must be used gradually. In THE LEVEL PREMIUM, and THE NATURAL PREMIUM SYSTEMS, insurance mathematics and insurance laws define the nature and prescribe the amount of their respective reserves. The mathematical and legal tests are *rigidly* applied to all policies, in force, at least once every year, by the Insurance Departments of the several States in which these companies are doing business. But the reserves in THE ASSESSMENT COMPANIES are entirely voluntary on the part of the societies themselves. They can provide for a reserve, as the better class of them do, or not. It can be used in payment of current death claims, at any time and in any amount, even to the entire exhaustion of the fund itself. There is at present no statute on the subject.

Not only are the functions of these different kinds of reserves discussed in the chapters alluded to, but also the other elements entering into the formation of a *level premium.*

The Tables, some twenty five in number, are a very prominent and useful feature of the book. The Actuaries', and the American Experience Tables, are given in full, with additional columns, in each, showing "*Per cent. of Deaths to the Living*"; "*Expectation of Life*"; "*Level Annual Premium to Insure $1,000 for Life*"; and "*The Natural Premium to Insure $1,000, one year*—ages 10 to 100, in the Actuaries', and 10 to 96 in the American. In addition to the usual compound interest tables, will be found several *new ones*, and also a table showing the amount of $1 per annum, for 50 years, at *simple* interest.

The several articles on **Interest; Mortality; How Mortality Tables are Constructed**; the **Reserve Element**, **The Mortality Element**, and **The Expense Element** of a Level Premium; **The Sources of Dividends**, and **The Several Non-Forfeiture Laws of different States**—together with other valuable information, constitute a popular treatise on the subject of life insurance, for which there has existed, for a long time, an increasing demand.

CHAPTER I.

FIRE INSURANCE.—LIFE INSURANCE.—MAN AS PRODUCTIVE CAPITAL.—THAT BUSINESS BLOCK.—THE SUCCESSFUL CAPITALIST.—THE YOUNG BUSINESS MAN.—THE LAW OF MORTALITY.—HOW MORTALITY TABLES ARE MADE.—THE TWO TABLES USED MOST EXTENSIVELY IN AMERICA.

Fire Insurance is protection against loss by fire, and it is based on the productiveness of the property insured—present or prospective—and the possibility of its destruction by fire.

Life Insurance is protection against financial loss by death, and it is based upon the productiveness of the person insured—present or prospective—and the absolute certainty that he will die.

A healthy body, a strong will, an active brain, and a natural aptness for business are the most productive property in the world. It has been said that when time was young, only two human beings lived on this earth. They lived in a garden, and fig leaves were their clothing. There were no business blocks, no railroads, no banks, no palatial residences, no trade, no commerce, no money, no art, no science, no culture—*no material wealth.* All of these have since been produced by the brain of man. One generation after another has lived and passed away, each contributing *something* to what now constitutes the wealth of the world! One hundred years hence every man, woman and child now living will be dead. The exceptions only prove the rule. Man, truly, is very productive, and there is nothing more certain than that he will die.

Your annual income on that business block is $20,000, more or less. You keep it well insured. You even have the *rental* insured. Not because if it were to burn your family would be paupers, or that you would experience other than slight inconvenience from it. It is productive property, liable to burn, and it is business like to protect such property. If you owned a *thousand* such blocks you could assume the risk, yourself; but you own but *one* block, and you can no more afford to carry the risk on one block than you can afford to carry one letter to San Francisco for *two cents.* The companies can carry the risk because they are carrying the same kind of risks on thousands of

other blocks, and their receipts from *all* pay the losses on the *few* that burn, and there is still a margin left for profit.

Your block earns a handsome income. *You* produced the block. Which is the more valuable property, you or the block? Which is more liable to perish; the block by fire, or you by death? Which would be attended with the more disastrous consequences, in a strictly financial sense; the destruction of the block by fire, or your death, in the next thirty days? Would the destruction of the block, uninsured, impair or incumber the value of your other property? With no insurance on yourself, would not your death, within the next thirty days, impair the value of your estate at least twenty-five to fifty per cent.? The average duration of a *class* of lives is certain, but there is no certainty of the duration of *one* life. When you have your buildings and merchandise insured, you protect *yourself* against what *may* occur; but, when you have yourself insured, you protect your *family* against what *must* occur. Fire insurance is protection against a *possible* calamity; but life insurance is protection against an absolutely *certain* calamity.

One may possess those very rare and indefinable qualities of mind that always insure success. Everything he touches changes to gold dollars and a great many of them. When he purchases stocks, they are at the lowest; and when he sells, they are as mysteriously at the highest Under his magic touch wealth increases, he hardly knows how, so natural is it for him to control the wealth producing elements that surround him. When his plans ripen, they stand out in bold relief, emphatically his own, and are tenaciously carried out to a generally successful issue. He seems to be impelled by a force which he has no power or inclination to resist. He loves to watch the mental machinery within, working so admirably, and, with rare exceptions, accomplishing desired results. But this valuable machinery will not always last. His grasp of the lever will be gradually loosened. He will trust to others what he once thought could only be done by himself, and he thought rightly. At this juncture men of princely fortunes, by one single misstep, have lost all. Some of our wealthiest men, conscious of this approaching epoch, have "hedged," by investing largely in life insurance.

There are other younger business men, whose fortunes are not yet made, and who, utilizing the experiences of others, have invested quite extensively in Endowments, Tontines, Semi-Tontines and other forms of Life Insurance, paying for them during their *present productive periods of life*. These insurances, in the event of premature death, will constitute an estate, together with other accumulations, as large, probably, as if they had lived their full measure of days. These young men have learned that *men die*, and that they sometimes die in the full strength of manhood, when their prospects are the brighest, before their well matured

plans have had time to work out expected results, and just when they have reached the threshold of success. They have seen such untimely deaths bring financial loss, and sometimes utter ruin, to bereaved families. It was like the freighted ship sinking in full view of the safe harbor; or, the costly building going up in smoke and cinders! These representatives of American enterprise are hopeful, for they have reasons to be, but there still remains a period of uncertainty between hope and accomplished results, and they have thus *bridged it over* by the only method known and approved by the best intelligence of the nineteenth century.

THE LAW OF MORTALITY.

"Mortality," says **Dr. Southwood Smith**, "is subject to a law, the operation of which is as regular as that of gravitation."

Mr. Babbage says: "Nothing is more proverbially uncertain than the duration of human life when the maxim is applied to an individual; but there are few things less subject to fluctuation than the average duration of life in a multitude of individuals."

Mr. Walford says that the average duration of life in Great Britain at the present time—1867—is 41 years; in France 40; in Sweden, 39; in other countries progressively downwards until the average throughout the world is found to be only 33 years. In Rome, thirteen hundred years ago, the average was much the same as in England now. We know, however, that the duration of life at all ages has increased considerably during the past century. Amongst the nobility and gentry of England, the expectation of life at the age of 84, is found to be four years; and, amongst the poor fishermen of Ostend it is precisely the same. **Mr. Walford** closes his remarks with the following remarkable statement:

"We have the very best of authority for stating, while the mortality of all the other epochs of life is affected by country, by station, and by a multitude of influences arising out of these and similar circumstances, the concurrent evidence of all observation shows that at this, and the like advanced ages, the mean term of existence is nearly the same in all countries, at all periods, and amongst all classes of society."

The Hon. Elizur Wright, in his fourth annual report to the Legislature of Massachusetts, says: "Observations on the population of particular localities, and of entire nations, on annuitants who have the strongest pecuniary motive to live, and who have often been selected for their strength of vitality, and on insured lives that have an almost equally strong pecuniary motive to die promptly, have resulted in scales of decreement differing so little from each other and from a regular curve, that one must

be profoundly skeptical not to believe in the existence of a perfectly graduated scale, curve or law, which nature works after as her pattern or type."

MORTALITY TABLES.

The Mortality Table is the foundation upon which the science of Life Insurance is constructed. Without it the business would be entirely speculative. "Tell me a man's companions and I will tell you his character," says a distinguished writer; and the same author also says: "Tell us the Mortality Table upon which an Assurance office is based, and it is equally possible—always assuming the existence of sound management—to predict its financial position and relative advantages."

A mortality table is made by observing the operations of the Law of Mortality as shown by the number of deaths at all the different ages in a province, kingdom, country or among insured lives, and then collating, analyzing and adjusting the results so obtained. The process of adjustment or graduation is upon the same principle that astronomers "*reduce*," as it has been termed, their observations to some common event or epoch. It is getting rid of a periodical cause of fluctuation and presenting a result not as it was observed, but as it would have been observed had that cause of fluctuation had no existence. Mr. Walford illustrates it substantially as follows:

Between the ages of fifteen and twenty-five, and even up to later ages, the mortality is kept down in large towns by the influx of healthy people from the country. Thus, in the city of London, the annual mortality amongst young women between the ages named, is only *six per one thousand*; while in the surrounding counties it is *seven to eight per one thousand*, and amongst young men in London, at the like ages, it is *eight per one thousand*. The solution is found in the fact that healthy young women go from the country into London and other large towns, obtain situations, and, if taken sick, go back into the country to die. The effect is to make the larger towns look more healthy than the country, at these ages. Mortality tables constructed upon extensive data from town and country life would not be materially affected by such fluctuations; but those based upon town observations, *only*, are certain to be more or less so, unless subjected to the processes of adjustment and graduation named. The mortality tables almost exclusively used in the United States are:

1. **The Actuaries', or Combined Experience Table.**—This is based upon the recorded experience of seventeen English Life Companies. It was deduced from 83,905 insured lives under the superintendence of a committee of distinguished actu-

aries appointed for that purpose, on the 19th day of March, 1838. The table was first published by Actuary JENKINS JONES in 1843.

2. **The American Experience Table.**—This table was constructed by Sheppard Homans, Actuary of **The Mutual Life Insurance Company, of New York**, from 1856 to 1871; author of "**The Contribution System of Dividends**," and, at the present time, President and Actuary of "**The Provident Savings Life Assurance Society of New York.**" The table is mainly based on results obtained among insured lives in America, but all the standard European tables were used in the processes of adjustment and graduation.

CHAPTER II.

ACTUARY.—ASSETS,—BROKERAGE.—COMMISSIONS.—STOCK COMPANIES.—MUTUAL COMPANIES.—MIXED COMPANIES.—CONTRIBUTION SYSTEM OF DIVIDENDS.—CASH DIVIDENDS.—REVERSIONARY DIVIDENDS, OR ADDITIONS.—EXPECTATION OF LIFE.—FORFEITURE.—LAPSE.—LOADING.—LOSS.—MORTALITY.

Accumulation.—When used in the "LEVEL PREMIUM SYSTEM," it means either "*reserve accumulation*," or "*dividend accumulation.*" For a full explanation of the former, see pages 61 and 62. "*Dividend accumulation*" occurs when a policy holder, instead of using his cash dividends in part payment of premiums, leaves them with the company until some designated future time, when he can draw them out in one sum, together with the interest earned. When used in the "NATURAL PREMIUM SYSTEM," or in the "ASSESSMENT SYSTEM", of Life Insurance, it means a *mortality* fund, gradually increasing from year to year, in excess of what the mortality table indicates as necessary, to be used, however, in payment of death claims, if needed; or, to be drawn out by the insured at some designated future time; or, to be applied in part payment of future premiums or assessments; or, applied in some *other* way designated in the policy or certificate of membership. The accumulation of such a fund is a wise precautionary measure by which the membership are held together, or by which death claims may be paid, that might be suddenly forced upon the company on account of excessive mortality from epidemics, etc., etc.

Actuary.—One who is proficient in that branch of Life Insurance, which is strictly of a scientific and mathematical nature. The **Actuary** of a *company* makes the rates, at all the ages, for $1,000 of insurance on the different kinds of policies issued by that company. These rates, when published in book form, are called the "*rate book*," and, by consulting it one can ascertain how much it will cost *the first year*, for any amount of insurance desired within the company's limit. The **Actuary** also calculates how much cash dividend his company may safely pay to each policy-holder at the next approaching policy anniversary. When a policy-holder desires to surrender his original policy for a smaller amount of paid up insurance; or, for cash; or, in ex-

change for some other kind of a policy, the **Actuary** is consulted, and it is he who determines, subject to the approval of the board of management, what shall be done. It is the **Actuary** who, from time to time—once every year, *at least*—informs the company how much "*reserve accumulations*" it must have in hand to meet the requirements of law, etc., etc. A **State Actuary**, or the **Actuary of The Insurance Department** of a state, receives his appointment from the department, and his services are employed in this way: When a Life Insurance company desires to do business in a state in which it has not been operating, it makes application to the Insurance Department of that state for admission. It is then required to send to the department a schedule of all its policies in force, giving, in detail, the age of every policy-holder when insured; also, the date, amount and kind of policy. This schedule is given to the **Actuary** of the department, who is required "*to value*," as it is called, every policy described therein, according to the Table of Mortality and rate of interest adopted by the state as its standard of valuation. The valuing of a policy consists in ascertaining how much its "*reserve accumulation*" must be, at a certain date,—generally, December 31—, to comply with the requisitions of law. When every policy is thus valued, the different amounts thus obtained are added together, and the *total amount* constitutes what is called the "*policy liability*" of the company; to this are added the other liabilities,—admitted, [illegible] unpaid death claims, matured endowments, etc., etc.—, and the result shows the "*total liability*" of the company Then this total liability is critically compared with the company's "*gross assets.*" If the results prove satisfactory to the department, it issues a license to the company to do business in the state. If at *any* time the Department of Insurance become suspicious that any Life Insurance company doing business in the state is not sound, it can demand another examination as thorough as if the company were applying for admission into the state for the first time. The policies of all *home* companies have to be valued every year by the **State Actuary**. In various other ways the services of a competent actuary are made very useful to the department and beneficial to every policy-holder in the state.

Assets.—All the available funds and property of any kind belonging to a Life Insurance company. These are closely scrutinized by the Insurance Department of every state. Companies admitted to business are required to report to the department, on the 31st of December of every year, not only the *amount* of its assets, but also the minutest *details* of the same, and these reports must be sworn to.

Brokerage.—A percentage paid to an agent or solicitor, by a company, on the first year's premiums, *only*, of policies obtained by him, in lieu of future commissions on renewal premiums.

Commissions. –A percentage paid to an agent or solicitor on all premiums of policies obtained by him, for a specified number of years.

Company, Insurance.—There are three kinds of Life Insurance companies: STOCK COMPANIES, MUTUAL COMPANIES, and MIXED COMPANIES.

A STOCK COMPANY has for its basis a capital stock. The stockholders elect a board of directors, and they the officers who conduct the entire business of the company under the direction and supervision of the board. The rates charged for insurance are, nominally, *lower* than in the other companies. Policy-holders would pay less in a stock company than in most mutual or mixed companies, for the first few years, but, as all the margins and profits made in a stock company go to the *stockholders*, there are no dividends to reduce their premiums, so that after having been insured for *fifty years*, they still have to pay the same premiums as at first. But some *so-called* stock companies are really *mutual*. They organize on the basis of a nominal capital, so as to secure to the stockholders the control of the business, but in every other respect they are mutual companies, giving all the profits of the business, over and above what is necessary to run it, to the policy-holders.

A MUTUAL COMPANY is one that is nominally controlled by the policy-holders, *themselves*. Every policy-holder has the right to vote, in person or by "*proxy*," in the election of a board of directors. The largest and most successful Life Insurance companies on the globe are mutual companies, and their policy-holders have always had the right to vote at their annual elections ; but their success and their present proud positions in the insurance world are owing to the fact that, from first to last their business has been largely controlled by a few men who have proved themselves equal to every emergency that has arisen, and faithful to the sacred trusts confided to them by the proxies of a numerous, intelligent and appreciative membership. The same can be said of other but younger companies that are rapidly coming to the front, and, juniors though they are and must always be, they even *now* claim superiority in some things over their seniors. In a *strictly* mutual company, the dividends are paid to its policy-holders, from whatever sources they may arise. The system is a popular one. It seems to possess certain elements of success not found in either the stock or the mixed companies.

A MIXED COMPANY is one that does business, nominally, on both the stock and the mutual plans. It is neither a purely mutual company, nor a strictly stock company. It is based on a stock capital, and therefore the policy-holders have nothing whatever to do with its management. Policy-holders who insure

on the stock plan receive no dividends; those who insure on the mutual plan receive dividends.

Contribution System of Dividends.—This is a system by which the surplus of a company is distributed among its policy-holders, from year to year, according to the amount that each one of them has contributed to produce it. It was a wonderful discovery, and its authorship is conceded to two eminent American Actuaries, SHEPPARD HOMANS and D. PARKS FACKLER; the former, now President and Actuary of The Provident Savings Life Assurance Society, of New York; the latter, Consulting Actuary for several of the leading Life Insurance companies of that and other states. The merits of this system of distributing surplus is shown by the fact that all the Life companies in the United States—we are not aware of a single exception—have adopted it. Before its discovery a policy-holder that had been insured in a company, twenty years, received no larger dividend, other things being equal, than did one who had been insured but five years. By this system, the older the policy, the larger the dividend. A policy-holder whose reserve accumulation in the hands of the company is $1,000, receives, from this source, ten times the amount that another would receive whose reserve accumulations were only $100.

Dividend.—For a full explanation of CASH DIVIDENDS, See pages 65—68. "*Reversionary dividends,*" or "*reversionary additions,*" as they are sometimes called, are paid up insurances purchased from year to year by cash dividends. To illustrate: Suppose one is insured on the ordinary Life plan, in a "Level Premium Company," and that his *cash dividend*, at the end of the first year, when he is thirty-five years old, is $38.54. This dividend *could* be used in part payment of the premium, just due; but, instead, he applies it to the purchase of paid up insurance. It would purchase, in some companies, exactly $100 of such insurance, payable when the original policy is payable—*at death.* At the beginning of the next year he starts off with the original policy, on which he is to pay premiums every year as long as he shall live, and he also has a little policy of $100 upon which he will never have to pay any premiums, and from which he will receive little dividends, probably, every year. Suppose he does the same next year, and that his cash dividend is then $39.31. He is now 36 years old, and although the dividend is a little larger than it was last year, he is one year *older*, and it will purchase only $100 of paid up insurance. The *rate* is higher at 36 than at 35. Suppose, at the end of a policy year, when his nearest age is 55, his cash dividend is $58.74. Because of his increased age, this much larger dividend will purchase only $100 of paid up insurance. At age 70, it would require a cash dividend of $76.60 to purchase $100 of paid up insurance. These several amounts of paid up insurance, pur-

chased by the cash dividends, are called "*reversionary additions*," or "*reversionary dividends*."

Expectation of Life.—A term applied to the mean or average duration of the future life of a person, at any age, according to a given table of mortality.

Forfeiture.—The violation of some of the conditions of a policy, which gives a company the legal right to cancel its policy contract with the insured.

Lapse.—See Chapter VI.

Loading.—A percentage added to the "*net premium*" for defraying the expenses of a company and to provide for a possible excess of mortality.

Loss.—A *legal* claim against a company arising from the death of one of its policy-holders. Matured Endowments, matured Tontine policies, and other policies partaking of the nature of Tontines, strictly speaking, are not losses.

Mortality.—Having a given number of persons of the *same age* living at the *beginning* of a year, the mortality is the number dying during that year. The *rate* of mortality is the ratio of the number dying, during a year, to the number that were living at the beginning of the *same* year.

CHAPTER III.

POLICY.—SINGLE-PAYMENT LIFE, WITH EXAMPLE.—FIVE-PAYMENT LIFE, WITH EXAMPLE.—TEN-PAYMENT LIFE, WITH EXAMPLES (1) AND (2).—FIFTEEN-PAYMENT LIFE.—TWENTY PAYMENT LIFE.—ORDINARY LIFE, WITH EXAMPLE.—TERM LIFE.—RENEWABLE TERM LIFE.—QUARTERLY RENEWABLE TERM LIFE.

Policy.—A contract between a Life Insurance company and one of its policy-holders, containing the terms and conditions on which the former indemnifies the beneficiary, or beneficiaries, named therein, against *financial* loss in the event of the death of the person insured; or, by which the company agrees to pay a certain sum of money when the insured shall attain a certain age. It is not possible here to even *name* the different kinds of policies issued by the companies doing business in this country. The following are the most common and popular forms:

SINGLE-PAYMENT LIFE.—This is a policy that is payable at the death of the insured, only. All the premiums are paid in one, *single sum*. If issued on the Stock plan, no dividends; if on the Mutual plan, dividends are paid by the company to the insured every year during life. For $1,000 of insurance, at age 40, the Stock rate is, say, $367.70; Mutual rate, say, $430.19.

Example.—Policy No. 28,342; amount, $10,000; date of issue, April 8, 1863; premium, $4,077; age, 38. The annual cash dividends were used to purchase additional insurance. When the policy had been in force *sixteen* years, the "dividend additions" amounted to $6,020. Had he died, at that time, his estate would have received. $16,020.95, less $547.57!!

FIVE-ANNUAL PAYMENT LIFE.—This policy is payable at the death of the insured only. The premiums are required to be all paid during the first five years. If issued on the Stock plan, no dividends; if on the Mutual plan, dividends are paid to the insured every year during life. For $1,000 of insurance, at the age of 40, the Stock rate is, say $75.87 annually; Mutual rate, say $101.16 per annum, for *five years only*.

Example.—Policy No. 32,247; amount, $10,000; date of issue, June 4, 1864; annual premium, *for five years only*, $953.80; age, 39. His *cash* dividends, during the first fourteen years amounted to $2,257 34. After the first five years they averaged $100 per

annum. The cash dividends, during the first *eight* years, were used to purchase additional insurance. From the eighth to the fifteenth year, inclusive, he gradually converted the additions from former dividends into cash and used it, together with the accruing cash dividends, in payment of premiums in the same company on another policy, and still had left at the end of 1878, additions amounting to $334. He had thus paid $2,296.23 in premiums on the other policy! This policy can never be duplicated even by the company that issued it.

Ten-Annual Payment Life.—This policy is payable at the death of the insured only. All the premiums are required to be paid during the first ten years. If issued on the Stock Plan, no dividends; if on the Mutual Plan, dividends are paid to the insured, every year, during life. For $1,000 of insurance, at age 40, the Stock rate is, say, $47.43, per annum; the Mutual rate is, say, $59.17, per annum.

Example 1.—Policy No. 17,114; amount, $4,000; date of issue, August 6, 1856; annual premium for ten years, only, $189.92; age, 31.

The record of this policy from 1856 to 1878, inclusive—twenty-three years—is as follows: Total premiums paid during the first ten years, $1,899.20. The cash dividends were all used to purchase additional paid-up insurance. This additional insurance, thus purchased, amounted to $2.990.20 at the end of the twenty-second year! Had the policy then become a claim, by the death of the insured, his estate would have received from the investment $6,990.20. He had paid the company *less than* $1,900. These results can probably never be duplicated, as the period from 1856 to 1878 was an exceptional one for large dividends in all the companies, owing to the high rates of interest received on their reserves.

Example 2.—Policy No. 46,036; amount, $1,000; date of issue, May 22d, 1869; annual premium, for *ten years*, only, $52.72; age, 36. The history of this policy, from 1869 to 1885, inclusive,—seventeen years—,is as follows:

Year.	Annual Premiums.	Annual Dividends	Net Annual Payments.
1869	$52.72	$00.00	$52.72
1870	52.72	00.00	52.72
1871	52.72	4.24	48.48
1872	52.72	6.49	46.23
1873	52.72	8.91	43.81
1874	52.72	12.05	40.67
1875	52.72	14.63	38.09
1876	52.72	17.32	35.40
1877	52.72	19.79	32.93
1878	52.72	22.34	30.38
	$527.20	$105.77	$421.43

Year.	Annual Dividends.	
1879	$20.35	
1880	21.95	
1881	14.08	
1882	10.53	No more payments are required.
1883	8.08	
1884	8 16	
1885	8.36	
	$91.51	

Remark 1.—The company that issued this policy commences paying dividends at the end of the second policy year, when the third annual premium is paid; so that, in the above policy, only eight dividends were available in payment of the *ten* premiums. These eight dividends amount to $105.77, and had they been equally distributed and used in paying the ten premiums instead of eight, the net gross amount paid would have been $421.43, as shown above. Thus it is seen that the eight dividends, *used as they were*, were equivalent to a *twenty per cent. reduction of premium*, from first to last.

Remark 2.—Since 1878 this policy has been a source of cash income. Dividends to the amount of $91.51 have already been received by the insured. The dividend of 1885 lacks only *seven cents* of being two per cent. of the entire cost of the policy, and the tendency is an increase hereafter.

Remark 3.—The cost of such a policy in a Stock Company, at the non-participating rate of premium, would have been $474.30, or thereabouts, *and no dividends!*

Fifteen-Annual Payment Life.—This policy is made payable only on the death of the insured. All the premiums must be paid during the *first fifteen years*. If issued on the Stock plan, no dividends: if on the Mutual plan, cash dividends during life. For $1,000 of insurance, at age 40, the Stock rate is, say, $35.05 per annum; the Mutual rate is, say, $45.29.

Twenty-Annual Payment Life.—This policy is made payable only on the death of the insured. All the premiums must be paid during the *first twenty* years. If issued on the Stock plan, no dividends: if on the Mutual plan, cash dividends during life. For $1,000 of insurance, at age 40, the Stock rate is, say, $30.10; the Mutual rate is, say, $38.65.

Ordinary Life.—This policy is made payable only on the death of the insured. Premiums must be paid during life. If issued on the Stock plan, no dividends; if on the Mutual plan, cash dividends are paid every year—after the first or second—so long as the policy remains in force. For $1,000 of insurance, at the age of 40, the Stock rate is, say, $24.35; the Mutual rate is, say, $30.84. The rates are lower at younger, and higher at older, ages, as is the case in all other forms of policy contract.

Example.—Policy No. 55,904; amount, $2,000; date, 1868; annual premium, $92.00; age, 50. He paid fifteen premiums amounting to $1,380, which, less dividends of $401.32, and premium loan of $289.68 (canceled), made a net payment or cost of $690.00, exclusive of interest. He did not pay the premium due in December, 1883; but instead of taking a paid-up policy for $563.00, he allowed his insurance to be extended for *4 years and 117 days*, making in all 19 years and 117 days' insurance, at an average yearly cost of $17.85 per thousand. The party insured died in August, 1885, more than *one year* after the lapse of policy, which, however, was promptly paid in full by the company.

TERM-LIFE.—This policy is made payable only on the death of the insured *within the term designated* in the contract. The term may be one, three or six months; one year, ten or twenty years. The policy contract may provide for renewal, at the expiration of the original term, on re-examination of the insured, and at advanced rate of premium, or not. This depends upon the practices of the company issuing it. A Term Life Policy is generally understood to be insurance for 10 to 20 years, with uniform annual premiums. No dividends; no paid up insurance; no cash surrender value, and *no insurance* one minute after the designated term has ended.

RENEWABLE TERM-LIFE.—One single company issues a Renewable Term Life policy, as follows: Length of term, ten years. Uniform annual, semi-annual or quarterly premiums are required to be paid during the term. The policy contract is renewable after each term of ten years, at advanced rate, without medical examination, and the accumulated dividends of the last preceding ten years, if any, are applied to a uniform reduction of the next ten years' premiums. Definite provisions are made for paid up or cash surrender value, if desired, after the first three years. The annual rates for $1,000 of insurance are as follows: At age 20, $11.09; at 25, $12.64; at 30, $14.67; at 35, $17.36; at 40, $21.02; at 45, $26.14; at 50, $33.17; at 55, $42.66, and at 60, $55.64. The rates at intermediate ages are proportional.

Several companies issue a Yearly Renewable Policy. For $1,000 of insurance, at age 40, the premium the *first* year is $21.19; the *second* year, $15.71; the *third* year, $15.99; the *fourth* year, $16.29, and so on, gradually increasing from year to year, as the insured becomes older. No dividends, no surrender value in cash or paid up insurance,

QUARTERLY RENEWABLE TERM-LIFE.—Under this form of contract the policy is made payable only on the death of the insured within the term designated, and that term is THREE MONTHS.

CHAPTER IV.

ENDOWMENT INSURANCE—QUESTIONS ASKED AND ANSWERED.—ASSUMED EXAMPLES.—ACTUAL EXAMPLES.

ENDOWMENT INSURANCE POLICIES.—These are issued in two general forms—(1), **Ordinary Endowments**; (2), **Limited Payment Endowments.** In an Ordinary Endowment, the policy is made payable to the insured in ten, fifteen, twenty, twenty-five, thirty or thirty-five years after the date, thereof, provided he be then living to receive the money; or, to his estate, or some beneficiary named, at the death of the insured, should it sooner occur. Premiums must be paid every year, less the dividends, if any, during the entire endowment period selected.

For a Limited Payment Endowment the conditions of the contract are precisely the same, *except* the premiums must all be paid in a less time than that named as the Endowment period. To illustrate: A twenty-year Endowment may be paid for in ten or fifteen, or even *five* years; or, a thirty-five year Endowment may be paid for in thirty, twenty-five, twenty, fifteen or five years; or, any of these may be paid for in *one single premium.*

As these endowments, *in our best companies*, have proved to be compound interest investments combined with very cheap insurance—the insurance in some cases costing nothing at all—we have endeavored to make prominent these excellent characteristics in the following questions and answers:

What is Endowment Insurance?

It is Life Insurance for a limited time, usually ten, fifteen, twenty, twenty five, thirty or thirty-five years.

It is something like **Term Insurance**, is it not?

Yes, but in some respects radically different. In **Term Insurance** the policy is not paid unless death occurs during the term.

Isn't the policy paid, in **Endowment Insurance**, if death occurs during the term?

Yes, or it is paid to the party insured, if living, at the end of the term, which is not the case in **Term Insurance.**

Then, in **Endowment Insurance**, one does not have "to die to win," as the saying is?

That's it exactly. In **Ordinary Life Insurance**, provided,

always, that the conditions of the contract are complied with, the policy becomes a claim whenever death occurs. In **Term Insurance**, death must occur during the prescribed term or there is no claim, while in **Endowment Insurance**, the policy is paid at death, during the term; or, to the insured, if living, at the end of the term.

What is the cost of an Endowment, in comparison with other forms of Life Insurance?

It is considerably higher.

Why is it higher?

Because **Endowment Insurance** is **Term Insurance** combined with a compound interest investment. To illustrate: We assume that you are thirty-five years old, that you are insured under a twenty-year Endowment Contract, for $10,000—annual payment, say, $485.80. By one of the conditions of the contract, **you agree to pay $485.80**, every year, for twenty years, if you live; but, if you die at any time during the twenty years, no further payments are required after date of death. **The Company agrees to pay you $10,000** if living to receive it at the end of the twenty years; or, to **pay your legal representatives $10,000** soon after your death, if it occur within the twenty years.

Referring to Table No. 12, we see that $256.50 per year, at six per cent. compound interest, will amount to exactly $10,000 in twenty years. You understand, therefore, that if you live until the maturity of the Endowment, and receive the $10,000 from the company, you will have made an investment of $256.50 per year and actually realized six per cent. compound interest on the money thus invested, for the time it was with the company. When the company contracted to pay the $10,000 at the time and under the conditions specified in the policy, it guaranteed, absolutely, just such an investment to the extent of $256.50 per year. Nor was the guaranty alone conditioned upon your living and paying the premiums to the end of the twenty years; but, in the event of your death at any date during the twenty years, all the conditions of the contract having been fulfilled by you, the guaranty was that as much money should be paid to your representatives as you would have realized had you lived to loan out $256.50 every year for twenty years, at six per cent. compound interest.

This $256.50 of the Endowment Premium under consideration, is what we call the **investment element**. This amount, annually—or a larger sum, at a less rate of interest—must accumulate with the company at six per cent. compound interest, in order that the company may meet its obligations on the contract when it shall have matured.

But you are paying the Company *more* than $256.50 per year, and this excess is the cost of insurance. We assume that you are

insured in a dividend paying company, and that you are using the dividends, from year to year, in reduction of the annual payment. Our better class of life companies have been paying on this kind of insurance, the last 20 years, a dividend of from 25 to 40 per cent. per annum, as an *average* for the whole time. Suppose, at the end of the twenty years, your dividends have averaged 33⅓ per cent. of the annual premium; we then have the following results:

Twenty-Year Endowment at Age 35:

Gross annual premium for $10,000	$485 80
Less the assumed average annual dividend	161 93
Net annual payment	$323 87
The **investment element** returned with six per cent. compound interest, end of twenty years, in the $10,000 paid by Company	256 50
Annual cost	$67 37

At ages thirty, twenty-five, or twenty, with the same assumptions as above, the results would be as follows:

Twenty-Year Endowment at Age 30:

Gross annual premium for $10,000	$471 10
Less the assumed average annual dividend	157 03
Net annual payment	$314 07
The **investment element** returned, &c	256 50
Annual cost	$57 57

Twenty-Year Endowment at Age 25:

Gross annual premium for $10,000	$460 70
Less the assumed average annual dividend	153 57
Net annual payment	$307 13
The **investment element** returned, &c	256 50
Annual cost	$50 63

Twenty-Year Endowment at Age 20:

Gross annual premium for $10,000	$452 90
Less the assumed average annual dividend	150 97
Net annual payment	$301 93
The **investment element** returned, &c	256 50
Annual cost	$45 43

Equally satisfactory results can be shown in shorter or longer endowments. Table No. 12 gives the investment elements at certain rates of interest. In a ten-year endowment, for example, the annual premium for $10,000 at age 35, is, say, $1,025.10. De-

duct from this the average dividend of the company, and from this result the investment element, $715.70, and the balance shows the cost of insurance ; and, similarly, with endowments running fifteen, twenty-five, thirty or thirty-five years. If the rate of interest assumed in our illustrations—6 per cent.—seems too high, use the investment elements at a lower rate, as shown in the table.

You have not failed to notice that, while the **Investment Element** in the foregoing examples is the same, the cost of insurance varies ; it is $45.43 per year, for the youngest age, and $67.37 per year, for the oldest. The difference in age does not affect the **Investment Element**, provided the amount and kind of Endowment are the same. But the cost of insurance is greater at the older ages. By referring to Table No. 18, you will see why. At age 25, less than seventeen out of one hundred die in twenty years; while at age 35, the death rate for the same time is twenty one.

A little further on will be found some examples of Matured Endowments. These should be carefully examined. Before you do this, however, we desire to make one or two points very clear. If successful in this the subject of endowments will be freed from many vexatious complications. You will now turn to Table No. 12. Until you understand this table, you cannot comprehend our explanation of endowments. With the table before you, look for 16 in the year column, to the right hand of which, in the column headed "*six per cent.*, you will find $36.75. This is the annual investment, which, if compounded annually at six per cent. interest, will amount to exactly $1,000 in *sixteen* years. In the same six per cent. column, at the right hand of 20, may be found $25.65. This is the annual investment, which, if compounded annually at six per cent. interest, will amount to $1,000 in *twenty* years. If you would multiply the result, you must multiply the annual investment. Ten times either of the above annual investments will produce ten times $1,000, or $10,000. In a similar manner, by this table, you can tell at a glance the required annual investment, which, if compounded annually at a certain rate of interest, will amount to $1,000, or any multiple of $1,000, in a given number of years not exceeding 50.

At age 40, an **Ordinary 20-Year Endowment** Policy, for $10,000, requires the payment of twenty annual premiums of $508.70, each, the rate varying a little in different companies. For convenience of illustration we divide this premium into two parts, as follows:

1. **The Investment Element**.....	$256 50
2. **The Insurance Element**.....	252 20
Gross premium.....	508 70

In a policy like the above, every company agrees to do one of

two things, provided, always, that the insured fulfill his part of the policy contract, viz. (1), it agrees to pay to the *insured* $10,000 at the end of twenty years, provided he shall then be living to receive it; or, (2), it agrees to pay to *somebody else* $10,000, provided the insured die at any time *during* the twenty years. Let it be assumed that such a policy has been issued; that the insured has lived the twenty years, and that he has received the $10,000 as stipulated in the contract. By again consulting Table No. 12, it will be seen that when the company paid the $10,000 to the insured, it simply returned $256.50 of every one of the twenty annual premiums paid, together with six per cent. compound interest on the same, for the entire time the money was in its hands!! It is a **six per cent. compound interest investment**, so far as $256.50 of the gross premium is concerned. And this was guaranteed by the company from the start, because it required precisely such an investment to produce the $10,000 which the company agreed to pay. Not only this, but had the insured *died* at *any* time after the payment of the first annual premium, and within the endowment period, the company agreed that it would pay to *somebody* as much as would be produced by such an investment. Living until the end of the twenty years, or dying during the twenty years, the insured was guaranteed, in the policy contract, the six per cent. compound interest investment described! We have now disposed of the **investment** element of the premium; but what has been done with the **insurance** element, $252.20? If this policy were issued by one of our best **mutual companies**, the average annual cash dividend, during the twenty years, probably equaled one-third of the gross premium. The gross premium is $508.70, and one-third of it is $169.57, which has been used in reducing the **insurance** element. Taking $169.57 from $252.20, leaves a balance of $82.63, the average annual cost of the insurance. **A splendid investment! Very cheap insurance.** This is an assumed case, but you will see that the *assumed* are not as good as the *actual*, results in the following examples of **matured endowments.**

Example 1.—Policy No. 6,014; amount, $8,000; date of policy, July, 1867; kind of policy, 16-year endowment requiring sixteen annual payments of $480.96, each; age of the party insured, 39 years.

He paid sixteen premiums amounting to.....	$7,695 36
Less the dividends.....	2,043 07
Total net payments in sixteen years.....	5,652 29
Average net annual payment.....	353 27
The annual investment which, if compounded annually, at six per cent. interest, will amount to $8,000 in sixteen years.....	294 00
Net annual cost of the insurance.....	59 27

This endowment matured and was paid July 1, 1883. **The investment** was $294.00 per year for sixteen years. He realized six per cent. compound interest on it, the principal and interest amounting to $8,000.

Example 2.—Policy No. 52,988; amount, $5,000; date of Policy, March 5, 1870; kind of Policy, Ten-Year Endowment requiring ten annual payments of $529.75, each; age of the party insured, 39 years.

He paid ten premiums, amounting to	$5,297 50
Less the dividends.....	1,593 35
Total net payments in ten years	3,704 15
Average net annual payment.....	370 42
The annual investment, which, if compounded annually, at six per cent. interest, will amount to $5,000 in ten years.....	357 85
Net annual cost of the insurance	12 57

This endowment matured and was paid March 5, 1880. **The investment** was $357.85 per annum for ten years. He realized six per cent. compound interest on it, the principal and interest amounting to $5.000.

Example 3.—Policy No. 37,589; amount, $4,000; date of policy, March 26, 1866; kind of policy, 15-year endowment requiring fifteen annual payments of $302.12 each; age of the party insured, 40 years.

He paid fifteen premiums, amounting to.....	$4,531 80
Less the dividends.....	1,656 55
Total net payments in fifteen years.....	2,875 25
Average net annual payment.....	191 68
The annual investment, which, if compounded annually, at six per cent. interest, will amount to $4,000 in fifteen years.....	162 12
Net annual cost of the insurance.....	29 56

This endowment matured and was paid March 26, 1881. **The investment** was $162.12 per annum, for fifteen years. He realized six per cent. compound interest on it, the principal and interest amounting to $4,000.

Example 4.—Policy No. 5,848; amount, $6,000; date of policy, December 26, 1865; kind of policy, 18-year Endowment requiring eighteen annual payments of $352.32, each; age of the party insured, 37 years.

He paid eighteen premiums, amounting to....	$6,341 76
Less the dividends.....	2,527 18
Total net payments in eighteen years.....	3,814 58
Average net annual payment.....	211 92
The annual investment, which, if compounded annually, at six per cent. interest, will amount to $6,000 in eighteen years.....	183 18
Net annual cost of the insurance.	28 74

This endowment matured and was paid December 26, 1883. **The investment** was $183.18, per annum, for eighteen years. He realized six per cent. compound interest on it, the principal and interest amounting to $6,000.

Example 5.—Policy No. 2,541; amount, $1,000; date of policy, November 13, 1862; kind of policy, 20-year Endowment requiring twenty annual payments of $48.49, each; age of the party insured, 40 years.

He paid twenty premiums amounting to.....	$969 80
Less the dividends.....	358 93
Total net payments in twenty years.....	610 87
Average net annual payment.....	30 54
The annual investment, which, if compounded annually, at six per cent. interest, will amount to $1,000 in twenty years.	25 65
Net annual cost of the insurance..... ..	4 89

This endowment matured and was paid November 13, 1882. **The investment** was $25.65, per annum, for twenty years. He realized six per cent. compound interest on it, the principal and interest amounting to $1,000.

In the *foregoing* examples, all the cash dividends were used in the reduction of annual premiums. In the *following* examples the dividends were used in the purchase, from year to year, of additions to the policies, payable with the policies.

Example 6.—Policy No. 30,777; amount, $1,000; date of policy, February 1, 1868; kind of policy, 13-year Endowment, requiring ten annual payments of $85 50, each; age of the party insured, 22 years.

Total amount of policy and additions paid to the insured, by the company, February 1, 1881,	$1,282 78
Cash dividend paid him February 1, 1881.. ...	34 97
Cash dividend paid him February 1, 1882.....	26 15
	$1,343 90

His ten premiums improved at 5⅜ per cent. compound interest would have amounted at date of settlement to.....$1,349 38

And he received in addition life insurance for thirteen years.

Example 7.—Policy No. 45,352; amount, $1,000; date of policy, April 28, 1869; kind of policy, 10-year Endowment requiring ten annual payments of $96.41 each; age of the party insured, 35 years.

Total amount of policy and additions paid to the insured, by the company, April 28, 1879,	$1,218 88
Cash dividend paid him April 28, 1880.....	42 86
	$1,261 74
His ten premiums improved at 4⅞ per cent. compound interest, for the time, would amount to.....	$1,264 36

And he received in addition life insurance for ten years.

If the National Banks were to advertise that, upon depositing with them $256.50 every year, for twenty years, at the end of the 20 years the deposits would be returned, with six per cent. compound interest, amounting to **$10,000 for every depositor**, and if a small additional sum were deposited with each $256.50, they would pay, in the event of the death of a depositor, before the expiration of the 20 years, the whole amount of $10,000, sixty or ninety days after date of death, **what a stampede there would be to all our National Banks**; and yet, varying the figures to correspond with the different ages of persons, and classes of policies, this is substantially what all the **better class of life companies are doing** every day in the year and every hour in the day, in offering these endowments to business and professional men and capitalists.

Semi-Endowment Policies.—By this form of insurance the face value of the policy is payable if the insured die within a certain number of years—usually ten, fifteen or twenty—but if alive at the end of that time, then only one-half of the amount, with accumulations, if any, will be paid to the owner of the policy.

CHAPTER V.

TONTINE INSURANCE.—SEMI-TONTINE INSURANCE.—EMERY MCCLINTOCK'S DESCRIPTION OF THEM.—SENATE RESOLUTION NO. 100, OF THE OHIO LEGISLATURE.—APPOINTMENT OF A COMMITTEE OF INVESTIGATION.—MEMBERS OF THE COMMITTEE.—THEIR REPORT ON TONTINES AND SEMI-TONTINES. —EXTRACTS FROM SWORN TESTIMONY. —REMARKS, ETC., ETC.

Tontine and Semi-Tontine Policies. — The following explanation of these two forms of policies is from EMERY MCCLINTOCK, Actuary of the NORTH WESTERN MUTUAL LIFE INSURANCE COMPANY, of Milwaukee, Wisconsin, and it is so clearly stated, and so free from offensive partisanship that we gladly insert it for the benefit of our readers,

Tontine Policies are issued on any usual form, the same as ordinary policies, such as ordinary life, limited payment life, or endowment policies. They are issued at the usual rates of premium, and the only difference between such policies and ordinary policies lies in certain peculiar stipulations.

The first stipulation is as follows :

"No dividend shall be allowed or paid upon this policy until the person whose life is insured thereby shall survive the completion of its tontine dividend period, and unless this policy shall then be in force."

The period referred to is either ten, fifteen, or twenty years, according to the choice made by the policy holder in his original application. The effect of this stipulation is that each premium must be paid in full in cash, during the tontine period, without being reduced by dividends.

The second stipulation is:

"Previous to the completion of its tontine dividend period, this policy shall have no surrender value in a paid-up policy or otherwise.

The effect of the stipulations above quoted is to produce savings to the Company, first, in not paying out dividends, and secondly, in not issuing paid-up policies in case of lapse. The value of such savings, with their accumulations, is credited to the tontine policies which complete their respective periods.

Semi-tontine Policies form a separate variety, being like tontine policies as regards withholding dividends, but enjoying

the same privileges as ordinary policies in case of lapse, as regards paid-up insurance.

How the Surplus is Ascertained.—An account is kept by the Company from year to year of the special savings derived, as above explained, from tontine policies; and a separate account is kept for semi-tontine policies. To keep in view the equitable rights of each tontine and semi-tontine policy, a provisional account or memorandum of its contributions to the undivided surplus is kept, including its share of special tontine profits, adding interest from year to year at the current rate used in the ordinary dividend calculations. The memorandum thus kept of each policy is subject to future rectification, and is not in the nature of a deposit account, nor does it create any liability, technically speaking, different from the usual duty of every company to distribute in due time its undivided surplus on equitable principles. The sum of all these memorandum accounts shows the total tontine surplus of the Company. The accounts for each calendar year cannot be made up until sixty days after December 31st, owing to the conditional right possessed by the holders of lapsed tontine policies to restore them within that time. By the end of March in each year, the tontine accounts of the previous year can be completed. Any member, who has been insured three years, who wishes to learn the present condition of the memorandum account kept in his own case, can do so by addressing the Company. A fuller description of the method of keeping the tontine accounts will be supplied to any member on request.

What May Be Done With the Surplus.—The holder of a tontine or semi-tontine policy may, at the end of his tontine period, presuming that he wishes to keep his policy in force, employ the accumulated surplus which may then be at his disposal in one of three ways:

1st. He can withdraw it in cash.

2d. He can employ its value in reducing the amount of the future annual premium payable. If his policy is an ordinary life policy, this is equivalent to purchasing an annuity for life equal to the amount by which the annual premium is reduced. The annuity is calculated for a larger annual amount than the mere interest on the money, but on the understanding that the Company is in no case to refund any part of it, except as stated, towards payment of premiums. Such an annuity will possess at all times an equitable value, and it is provided that in any year in which the premium so reduced is not paid in cash, the value of the annuity shall be drawn upon towards meeting it, so as to keep the policy in force. (Of course, the effect of this would be to make the subsequent premiums each proportionately larger.)

3d. He can, on furnishing satisfactory proof of good health, purchase with the surplus a non-forfeitable participating paid-up addition to his policy.

Endowments maturing at the end of the tontine period cannot be continued in force, but are simply paid off when due, with accumulated surplus.

Option of Surrender at End of Period.—If, at the end of the tontine period, the insured prefers to discontinue his policy, he can surrender it, either for cash or for paid-up insurance, according to his option. (If the paid-up policy exceeds the original amount, proof of good health will be required.) If he takes the cash, the Company pays him not only the accumulated surplus, but also the entire reserve held on the policy, arising out of his past payments. The amount of reserve which will be held and paid is inserted in the policy, but no stipulation is possible, of course, concerning the amount of the surplus which is to accumulate, nor does the Company undertake to make in advance any prediction concerning its probable amount.

This option of surrender, which gives the insured the benefit of every dollar in the Company's hands in any way pertaining to his policy, in case he wishes to discontinue, forms the most valuable feature of the tontine and semi tontine plans of life insurance. On no other system is so sweeping a privilege obtainable. The more this point is reflected upon, the greater the advantage appears which it confers. It is to be exercised many years in the future, and such far distant subjects usually attract little thought, but on each such policy the time will come when this privilege, inserted at the beginning in the contract, will be found of the utmost importance. No one can now foretell his situation twenty years hence. He may need insurance then more than ever, or he may have no use for it at all. With this privilege, he finds himself on the one hand just as well off as if he had originally taken the policy for a longer term, and on the other hand, as if he had chosen an endowment maturing at the time. The tontine or semi-tontine policy combines the advantages of the life policy and the endowment, being adapted at all points to the contingencies of the future.

The Cheapest Form of Insurance.—Where a tontine or semi-tontine policy is surrendered at the end of the period and the cash value taken, and the holder compares his payments with the sum returned to him, whatever the latter may be, he finds the net cost much less than he would have had to pay for the same insurance in the same company on any other plan. This is obvious on the surface; for he receives on surrender all the surplus, with interest, which would have been paid as dividends on the policy had it not been on the tontine plan, and also his share of the surplus, with interest, which would have been paid on the policies of members who have died or discontinued.

Tontine insurance, more than any other system ever devised, equalizes the benefits of life insurance The heirs of those who die early get a large return in any event, even without dividends;

while those who pay the longest, and have the premium paying burden of the whole period, receive all the dividends.

Since the results of tontine policies are more advantageous pecuniarily than on any other class of policies in the same company, the only question remaining for those who are satisfied of the benefits of the plan is, to choose that company which will afford him the best return for his money.

SENATE RESOLUTION NO. 100.

"*Be it resolved*, That the Insurance Commissioner of Ohio is hereby authorized and required, with three members (of this Senate), to be appointed by the President of the Senate, to proceed at once to the states where such Tontine insurance companies are located and doing business in Ohio, and examine into and report to this Senate, if in session, and if not in session, to the Insurance Department of Ohio, upon the matters relating to such companies, as hereinafter set forth. Said Committee, consisting of said Insurance Commissioner and Senators so appointed, shall have authority to procure such special assistant as shall be deemed advisable by them to carry out the provisions of this resolution."

The above resolution was adopted in the Ohio Senate, April 15, 1885. The matters about which investigation was to be made were as follows:

"*First*—Specially as to the amount of insurance issued to the citizens of Ohio upon the Tontine plan.

"*Second*—As to the amount of such Tontine fund placed to the credit of such policies.

"*Third*—As to the mode of keeping the Tontine accounts with all the policy-holders, and whether such fund, or any part thereof, can be appropriated by the officers of such companies for any purpose other than the purpose originally intended, and whether such fund or any part thereof has been so appropriated or in any manner misapplied; and generally as to the plans and methods of doing business by such companies both at the home office and in Ohio through agencies.

"*Fourth*—As to the credits of such companies upon policies of insurance, to be obtained, for the purpose of establishing a basis for taxation in Ohio."

The committee appointed under the foregoing resolution were as follows: Hon. Henry J. Reinmund, Superintendent of Insurance; Hon. S. P. Wolcott, Senator; Hon. Elmer White, Senator; Hon. A. C. Cable, Senator. Mr. Sheppard Homans, of New York, was appointed Special Assistant to the Committee.

The committee met at the office of the Equitable Life Assurance Society of the United States, at the company's building, 120 Broadway, New York, May 29, 1885, and during their investigations they examined the following companies, designated in their report as

TABLE NO. 1.

Tontine Companies doing business in Ohio.	Designation of Policies.
1.—Ætna, Hartford, Conn.....	Terminable Endowments.
2.—Equitable, New York, N. Y....	Tontine and Semi-Tontine.
3.—Home, Brooklyn, N. Y..... ...	Life-Rate Endowments.
4.—Metropolitan, New York, N. Y.	Reserve Endowments.
5.—Michigan Mutual, Detroit, Mich.	Life Rate Endowments.
6.—Mutual, New York, N. Y.....	Five-year Distribution.
7.—New York, New York, N. Y....	Tontine and non-forfeiture Tontine.
8.—North-Western Mutual, Milwaukee, Wis.....	Tontine and Semi-Tontine.
9.—Penn Mutual, Phila., Pa.....	Life-Rate Endowment.
10.—Union Mutual, Portland, Me...	Life-Rate Endowment.
11.—United States, New York, N. Y.	Tontine and Semi-Tontine.

"NOTE.—In the Tontine list are included all those companies in which surplus is accumulated for a number of years for the benefit of persistent survivors."

After finishing their labors two reports were made: one by the three senators, dated Columbus, Ohio, August 19, 1885; the other by Henry W. Reinmund, Superintendent of Insurance, and Sheppard Homans, Actuary, assistant to Committee, dated Columbus, Ohio, August 21, 1885. These two reports agree substantially, on all points of vital importance, and, as the latter is more full, in some respects, we give it preference, not having the space for both. It is as follows:

"The undersigned, while coinciding in the main with the views so well expressed by the Ohio Senators in the foregoing report, feel that in addition a resume or digest of the evidence obtained by the committee is desirable, for the information of the public. We bear cheerful testimony to the zeal and impartiality of the Senators, in securing information upon the important subject confided to us by the Legislature. The committee sought, and obtained, wherever practicable, testimony from the opponents as well as from the advocates of Tontine insurance, with the view of separating that which was the result of careful investigation and accurate knowledge, from that which may properly be attributed to mere sentiment, or in some few cases to ignorance or malice. The criticisms made by the opponents of the Tontine system of Life Insurance are mainly as follows:

(1.) That it is a gambling scheme.

(2.) That by harsh penalties in case of forfeiture it tends to deprive families of the protection which they otherwise would have obtained under ordinary policies.

(3.) That the expenses are greater in Tontine companies.

(4.) That the accounts with Tontine policy-holders are imperfectly kept, and that the funds may be misappropriated.

(1.) *As regards the charge that Tontine Insurance is a gambling scheme.*—Gambling, as usually understood, is a scheme by which one gets something for nothing—where no valuable consideration is given by the winner to the loser—where the gain to one is precisely offset by the loss to the other—and where the

gain or loss depends not on the will or power of either party, but rather upon mere chance or skill. It is usually condemned as a vice, as subversive of public morals, as wicked and unlawful. Nothing in the evidence obtained by the committee shows or even tends to show, that such grave charges can justly be brought against Tontine Life Insurance. On the contrary, the evidence clearly proves that Tontine Companies derive solid advantages from Tontine contracts, and can safely promise, and in fact do give great and solid benefit to Tontine policy-holders. Statistics abundantly prove, for instance, that when applicants for insurance deliberately elect to pay larger premiums than are absolutely necessary, as Tontine policy-holders do when they elect to forbear the usual yearly dividends, they thereby give evidence, unconsciously perhaps, or by instinct, that they expect to live to enjoy the benefits promised in case of long life—in other words, they give evidence of superior vitality, which is more reliable in determining the value of the risk than the most skillful medical examination. It is clearly proven that the rates of mortality and also the rates of lapses, or discontinuances, are far less among Tontine than among non-Tontine policy-holders. These constitute the solid advantages of Tontine contracts, and the companies can give, and in fact do give, in return, ample and compensating advantages in the way of larger dividends or surplus and larger surrender values than can be safely promised or given under ordinary policies.

Tontine and ordinary policies are precisely similar as regards the rates of premium charged, as regards the covenant by the company to pay in full the sum insured, and as regards the non-payment of any surrender value until two or three years have elapsed. They differ only in the following respects: Under a full Tontine contract the right is waived (for valuable consideration) to any surrender value or to any dividend of surplus until the end of the Tontine periods elected. Under a non-forfeiting limited, or semi-Tontine contract, the same right to a surrender value is given that attaches to an ordinary policy, but the right is waived (for valuable consideration) to any dividend of surplus until the end of the Tontine period selected. In other words, these contracts differ only in the amount of the penalty exacted in case of discontinuance and in the periods agreed upon for distributions of surplus among policy-holders.

No Life Insurance Company could, without endangering its safety, permit policy-holders to withdraw *at will*, in cash, their full reserves, or even a large fraction thereof, in case of surrender, because in case of a panic, for instance, resulting from losses in investments or from excessive mortality during an epidemic, the sound lives might withdraw, and only the impaired lives might remain. Without proper penalties to prevent sound lives from withdrawing, Life Insurance would be unsafe, and in fact impossible.

Penalties for the non-performance of contracts are essential to the well-being and security of society itself, and are by no means confined to Life Insurance. The company is bound by the strict letter of the policy contract. It cannot refuse to receive a premium, even if the person insured were on the brink of the grave. The policy-holder, on the contrary, may discontinue at will, and usually the performance or non-performance on his part of the conditions of his contract depends upon his own volition. The penalty for discontinuance is greater upon Tontine than it is upon non-Tontine contracts, but the companies claim that in the former case the increased penalty is amply

offset by increased benefits. The difference is one of degree, not of kind. The principle is the same in both cases.

A Tontine policy-holder is somewhat like a special partner putting capital into a mercantile business for a term of years. He would not be allowed to withdraw his capital *at will*—that might ruin the business—but at the end of the partnership period he would have the right to withdraw his entire capital and his full share of profits. A Life Insurance Company could not permit a policy holder to withdraw his full reserve at will, but by reason of the superior quality of Tontine risks, and as a proper compensation therefor, it can safely promise to pay in cash at the end of a long period, or periods named, in advance, the full reserve, in addition to the full share of surplus, in case of surrender. In other words, a Tontine policy-holder has the right, at stated times, to give up his insurance and withdraw his full equity in cash. This great advantage could not safely be promised under ordinary policies.

No complaints have been made by beneficiaries under death claims of forfeiture penalties, and but few from those who have completed their Tontine periods. In cases of early deaths the investments have yielded many hundred, perhaps several thousand per cent. In case of long life and performance of the conditions of the contract, the investment will yield far more under a Tontine than under an ordinary contract. It is claimed by the advocates of Tontine Insurance, that the benefits as between the long-lived and the shortlived are thus equalized. Only those persons who break their contracts feel aggrieved by the heavy penalties. To such it has been unfortunate, and the losses in many cases must have been heavy. There is no evidence, however, that there was any concealment by the company, or that the contract was not voluntary on the part of the applicant, or that he did not understand fully the penalties for non-performance as well as the benefits which might be expected from the performance of his contract. The applicant was left to select that form of insurance which he considered the best suited to his needs or his pocket. This is just as it should be. If an applicant has not confidence in his ability to keep up his premium payments, ordinary business prudence would impel him to select a semi-Tontine or an ordinary policy. If his object is simply to protect his family at the lowest outlay consistent with security, he may choose renewable term insurance where the investment element is eliminated. But as the senators well observed, he should not be deprived of his right to make his own selection.

It may be added that Tontine Insurance is allowed and practiced in every state in the Union, while in some states—notably in New York—the essential conditions of that form of contract are sanctioned by distinct legislative enactments.

(2). —*As regards the charge that Tontine contracts tend to deprive families of the protection which they otherwise would have obtained under ordinary policies.*—The whole testimony obtained by the committee disproves this charge. The rates of discontinuances, except in the first two or three years when the conditions of the two contracts are similar, are far less among Tontine than among non-Tontine policies, and this is easily accounted for. The penalty in case of lapse, and the reward in case of persistence, are both greater. The definite promise to pay a large sum in cash at the end of the Tontine period, as surplus and guaranteed surrender value, furnishes a substantial collateral, available, if necessary, to borrow money to pay premiums, and would thus enable a Tontine policy-holder to keep up his insurance when an ordinary policy-holder would be compelled to lapse, or to accept,

(as a Semi-Tontine policy-holder might also do) a small paid-up insurance. Human nature is so weak that it often neglects duties which are for our own interest or benefit, unless there is a penalty for the non-performance, or a reward for the performance of the same.

(3.).—*As regards the charge that expenses are greater in Tontine Companies.*—Here, again, the evidence and statistical information disprove the charge. The heaviest expenses are generally those incurred at the time the policy is issued, and the greater the volume of new business the greater the apparent expenses. The Tontine Companies issued seventy-four per cent. of the new insurances in 1884, but their expenses are actually smaller than those of the non-Tontine Companies when compared to new business, or to insurances in force when properly classified.

(4.).—*As regards the methods of keeping the accounts, and the proper application of the funds.*—No evidence of wrong doing has been offered to the committee, or that the funds properly belonging to Tontine policy-holders are not managed with fidelity and integrity, and are not held intact for the benefit of the proper beneficiaries. In fact, no charge or complaint of this nature has been made or is known to the committee as having been made against any company. In conclusion, the evidence obtained by the committee demonstrates that the Tontine system of Life Insurance is lawful; that while the penalties exacted in case of discontinuance are greater than upon ordinary polices, the advantages in case of continuance are also greater. These penalties differ in degree, not in kind, and hence the term gambling is no more applicable to Tontine than to non-Tontine Insurance, and in fact is applicable to neither. The fulfillment of the Tontine contract is encouraged rather than discouraged by these penalties, and the greater benefits given on these contracts.

The companies generally might, with advantage, be more frank and full in statements to policy-holders affecting their interests; or, in other words, might, with advantage, take policy-holders more fully into their confidence. The best way to disarm and dispel adverse criticism, whether proceeding from honest doubt or ignorance, is by the simple logic of facts and figures.

Signed, HENRY J. REINMUND,
Superintendent of Insurance.
SHEPPARD HOMANS.
Actuary, Assistant to Committee.

Columbus August 2, 1885.

Extracts from the Testimony given to the Committee.

Examination of the Equitable Life.

"NEW YORK, May 29, 1885.

MR. JOEL G. VAN CISE, being duly sworn, testified as follows: (Examined by Mr. Homans).

Q. You are one of the actuaries of the Equitable Society?

A. Yes.

Q, For how long a time?

A. I have been connected with the Society for eighteen years this fall. I have been one of the actuaries for about fourteen years.

Q. You have charge of the books and accounts and the calculations on Tontine policies ?

A. Yes, sir.

Q. Please read to the committee the printed statement which you have just handed to me.

'As to policies in the Tontine classes, a special account is kept of the income and out go properly belonging to these classes separate from the other business of the Society, so that the amount of the Tontine fund, that is, the share of the whole amount of assets properly belonging to policies in the Tontine classes, can be ascertained at the end of each year. To do this the Tontine fund is credited with all premiums received from Tontine policies, is charged with a due proportion of expenses upon these premiums, receives credit for interest upon its accumulations proportionate to that made on the total funds of the company, and has to pay the losses by death (occurring among the Tontine policies only) and the claims of such policies as reach the end of their Tontine periods. At the end of each year the total amount of the Tontine fund, and the total amount of reserve necessary to have on hand to secure the original and absolute obligations under the Tontine policies, is calculated, and the difference between these amounts is the Tontine surplus, part of which belongs to the policies completing their Tontine periods in the year just entered upon, while a far larger part belongs to the far more numerous policies which will mature in the many succeeding years. As the Tontine policies, after completing their Tontine terms, leave the Tontine class and cannot participate in future divisions of surplus, the opportunity to correct in each future division any error made in previous distributions is taken away, and it is necessary to determine with accuracy the share of the surplus belonging to the outgoing members of the Tontine class. It would have simplified the calculation, perhaps, to have made separate classes for each year of issue of policies with the same Tontine period, so that there would be no mingling of the claims of policies leaving the class with the claims of policies having yet many years to remain in the class. But there was the insuperable objection to this plan, that in small numbers and even in numbers of considerable magnitude, irregularities will arise very troublesome in practice and giving rise to grave suspicions of unfairness, and it is therefore desirable in all life assurance calculations to take advantage of the largest averages attainable. It was therefore decided that all policies with the same length of Tontine period, no matter in what year issued, should be classified together for the purpose of determining the rate of dividends to be allowed, and the plan in detail was this: Rates of interest, of mortality, of lapses, and of management expenses, were assumed, approximating to the actual as nearly as possible. On the basis of these rates a calculation of what

would be the surplus on policies taken out at every age and at the end of every year of their existence during the Tontine period was made, and tables of estimated surpluses for all possible contingencies formed. With these tables it is easy at the end of each year to calculate the expected surplus on each Tontine policy in force. The total of these expected surpluses, when compared with the total actual surplus as shown by the valuation of the Tontine policies, gives a ratio of the expected to the actual surplus; and applying this ratio to the estimated surplus by the tables on policies just maturing, we get the actual surplus to which they are entitled. The actual surplus for each policy whose Tontine term is not ended, could of course be calculated in the same way by applying the ratio to the estimated surplus on them as given by the tables; but as these policies cannot draw any surplus till their Tontine period is concluded, this detailed calculation would be useless; and it is sufficient to leave this surplus undisturbed to accumulate for another year when the same work of calculation and of distribution to the policies then maturing has to be repeated.'

Q. I will ask you if that statement is a correct statement of the way in which you have made the estimates, made up the accounts, and credited individuals who are entitled to a credit under Tontine policies?

A. Yes.

Q. Has any departure ever been made in any Tontine policy or Tontine class, from the principles laid down in that printed statement?

A. No, sir.

Q. I would like to ask you if there has ever been any compulsion or persuasion on the part of the officers in the case of any individual policy, or any class of policies, to alter or depart from the principles, as laid down there ?

A. No, sir.

Q. And this printed statement, which is copied here, is the correct explanation of the method adopted by the EQUITABLE LIFE ASSURANCE SOCIETY, in dealing with all its Tontine policies?

A. Yes, sir ; it is printed for the information of its policyholders, on the Tontine plan.

Q. By Mr. Homans : Am I correct in this : that in this company the Mortality against Tontine policies only is charged against the Tontine fund, whereas, in the New York Life, for instance, they assume the average Mortality in the Company, and charge the average rate against the Tontine fund ?

A. It is true that our Tontine policies and Tontine classes only pay the death losses occurring in those classes. That is true, according to our calculations. What you say in regard to the other Companies—the New York Life Company, for instance

—is substantially true. Their dividend calculations are based upon the fact of an average Mortality through the Company, whether it is Tontine or Ordinary Policies. The same is true with the Northwestern.

Q. As I understand it, in the policy-contracts made with the Tontine policy-holders, you covenant to charge only the Mortality arising from members of the Tontine class ?

A. I do not know that that is covenanted in the application of the policy, but it has been set forth in all our circulars and publications.

Q. And in making these awards of surplus, you have had strict regard to that peculiarity ?

A. Made the exact calculations ; charged only for the death losses actually paid.

Q. One point of inquiry that is submitted to this committee, is not only the question as to how the Tontine accounts are kept, but the question is asked whether, in the appropriation of the surplus, any portion of the Tontine fund has been appropriated, or in any manner misapplied, contrary to the agreement ?

A. Not one dollar.

Q. And that in all the Tontine accounts you have put to the credit of the fund the total premiums received on Tontine policies, you have charged that fund with the average expenses of the Society on its business, and with the actual death claims paid among the members of the Tontine fund, and have credited the fund with the average rate of interest received by the Society on its investments ?

A. Yes, sir ; no departure has been made from that rule.

From schedule "A" given by the New York Life to the Senate Committee, showing the comparative rate of discontinuance of insurance—lapse—of Tontine and non-Tontine, made up from the company's actual experience for 10 years upon policies issued in 1872 and 1873, we obtain the following interesting and instructive facts :

Amount of Tontine Insurance for which premiums were paid, first year.....	$17,889,000
Amount of non-Tontine Insurance for which premiums were paid, first year.....	$19,748,000
Total Tontine Insurance remaining in force, end of 10th year, (55 per cent. of original amount).....	$9,865,000
Total non-Tontine Insurance remaining in force, end of 10th year, (31 per cent. of original amount).....	$6,064,000

From schedule "B" we gather the following facts with reference to dividends upon Tontine and Non-Tontine policies in Ohio, during a period of 10 years :

EXAMPLE 1.—POLICY NO. 109,314; AMOUNT, $3,000; DATE, NOV. 7, 1874; AGE OF THE INSURED, 31; ANNUAL PREMIUM, $70.05; **Ordinary Life Tontine.**

(1.)—Premiums received in 10 years..... $700.50
(2.)—Tontine dividends in 10 years..... 269.79
Per cent. of (2) to (1), 38.

EXAMPLE 2.—POLICY NO. 118,402; AMOUNT, $5,000; DATE, FEB. 28, 1876; AGE, 31; ANNUAL PREMIUM, $116.75; **Ordinary Life, Non-Tontine**

(1.)—Premiums received in 10 years..... $1,167.50
(2.)—Dividends paid in 10 years..... 184.49
(3.)—Dividends paid at 6 % comp. interest.... 235.68
Per cent. of (3) to (1), 20.

EXAMPLE 3.—POLICY NO. 111,458; AMOUNT, $1,000; DATE, FEB. 23, 1875; AGE OF THE INSURED, 40; ANNUAL PREMIUM, $31.30; **Ordinary Life, Tontine.**

(1.)—Premiums received in 10 years..... $313.00
(2.)—Tontine dividends in 10 years..... 110.68
Per cent. of (2) to (1), 35.

EXAMPLE 4.—POLICY NO. 117,137; AMOUNT, $2,500; DATE, DEC. 18, 1875; AGE, 40; ANNUAL PREMIUM, $78.25; **Ordinary Life, Non-Tontine.**

(1.)—Premiums received in 10 years..... $782.50
(2.)—Dividends paid in 10 years..... 118.96
(3.)—Dividends paid at 6 % comp. interest..... 151.73
Per cent. of (3) to (1), 19.

EXAMPLE 5.—POLICY NO. 110,368; AMOUNT, $3,000; DATE, DEC. 28, 1874; AGE OF THE INSURED, 54; ANNUAL PREMIUM, $171.06; **Ordinary Life, Tontine.**

(1.)—Premiums received in 10 years.....$1,710.60
(2.)—Tontine dividends in 10 years..... 610.00
Per cent. of (2) to (1), 36.

EXAMPLE 6.—Policy No. 116,177; amount, $1,000; date, Oct 19, 1875; age, 54; annual premium, $57.02; **Ordinary Life, Non-Tontine.**

(1.)—Premiums received in 10 years..... $570.20
(2.)—Dividends paid in 10 years..... 77.02
(3.)—Dividends paid at 6 % comp. interest..... 97.78
Per cent. of (3) to (1), 17.

EXAMPLE 7.—Policy No. 111,776; amount, $1,000; date, March 10, 1875; age of the insured, 47; annual premium, $71.25, **10-Year Life, Tontine.**

(1.)—Premiums received in 10 years..... $712.50
(2.)—Tontine dividends in 10 years..... 193.03
Per cent. of (2) to (1), 27.

EXAMPLE 8.—Policy No. 89,074; amount, $2,000; date, May 2, 1872; age, 46; annual premium, $138.52; **10-Year Life, Non-Tontine.**

(1.)—Premiums received in 10 years..... $1,385.20
(2.)—Dividends paid in 10 years..... 163.12
(3.)—Dividends paid at 6 % comp. interest..... 201.11
Per cent. of (3) to (1), 15.

EXAMPLE 9.—POLICY No. 107,789; AMOUNT, $2,000; DATE, AUG. 12, 1874; AGE OF THE INSURED, 30; ANNUAL PREMIUM, $60.72; **20-Year Life, Tontine.**

(1.)—Premiums received in 10 years..... $607.20
(2.)—Tontine Dividends in 10 years..... 219.60
Per cent. of (2) to (1), 36.

EXAMPLE 10.—POLICY 103,563; AMOUNT, $3,000; DATE, JAN. 14, 1874; AGE, 32; ANNUAL PREMIUM, $95.22; **20-Year Life, Non-Tontine.**

(1.)—Premiums received in 10 years..... $952.20
(2.)—Dividends paid in 10 years..... 135.64
(3.)—Dividends paid at 6 % comp. interest..... 170.68
Per cent. of (3) to (1), 18.

EXAMPLE 11.—Policy No. 91,599; amount, $5,000; date, Aug. 17, 1872; age of the insured, 30; annual premium, $242.65; **20-Year Endowment, Tontine.**

(1.)—Premiums received in 10 years..... $2,426.50
(2.)—Tontine dividends in 10 years..... 928.79
Per cent. of (2) to (1), 38.

Example 12.—Policy No. 88,387; amount $1,000; date, April 5, 1872; age, 30; annual premium, $48.53; **20-Year Endowment, Non-Tontine.**

(1.)—Premiums received in 10 years..... $485.30
(2).—Dividends paid in 10 years..... 67.38
(3).—Dividends paid at 6 % comp. interest..... 84.25
Per cent. of (3) to (1), 17.

The preceeding examples are given to illustrate the marked difference between the dividends of the Tontine policies and those of non-Tontine policies, when issued at *about* the same age, on the same plan, and having been in force the same number of years. Comparing examples (1) and (2), it will be seen that the

Tontine surplus on the former, at the end of 10 years, is 38 per cent. of all the premiums paid, while the dividends paid on the latter, the non-Tontine policy, improved by six per cent. compound interest, amount to only 20 per cent. of the premiums paid during the same number of years! By comparing (3) with (4); (5) with (6); (7) with (8); (9) with (10), and (11) with (12), a corresponding marked difference is observed between the dividends of **Non-Tontine**, and the accumulated surpluses of **Tontine**, policies, in the *same company*. In *another* company, while the per cent. of *difference* between the Tontine and non-Tontine policies might not vary materially from that shown above, yet the dividends themselves might possibly be very much less, or considerably greater, than those shown in these examples, on the same kind of policies issued at the same ages, and having been in force the same number of years. Leaving out the Massachusetts companies, *nearly* all the Life Companies doing business in the United States have incorporated, in one way or another, the Tontine principle, and, if one wants a Tontine policy, he should exercise a reasonable amount of caution and good common sense in the selection of a company. A company that gives large dividends on the ordinary kinds of policies can give much larger on the same kinds when *Tontined;* and, a company that pays but meagre dividends on the usual forms, adopting perhaps the Tontine system to "*cover up*" its small surpluses, cannot be relied on for large returns of surplus under the Tontine forms of insurance.

Premiums.—The sums required to keep a policy in force, according to its conditions. In "The Level Premium System" of Life Insurance, every premium is composed of *three elements*, the Reserve Element, the Mortality Element, and the Expense Element. The annual premium on an ORDINARY LIFE POLICY, for $10,000, at the age of 35, is, say, $264.90. This is made up as follows:

1. THE RESERVE ELEMENT	$110.39
2. THE MORTALITY ELEMENT	88.27
3. THE EXPENSE ELEMENT	66.24
GROSS PREMIUM	$264.90

See page 61, for a full explanation of each of these elements. The three elements combined make up what is called the *gross premium*. The first *two* elements, combined, amounting to $198.66, make what is called the *net premium;* and similarly with reference to any other premium for any kind of a policy issued under The Level Premium System.

Premium Notes.—Notes given by policy-holders in lieu of a part of the *cash* payment of the premium. These, if not paid

or canceled by future dividends, are usually deducted from the amount issued in case of death, or at the maturity of an endowment.

Surplus.—The sum left, after providing for the liabilities—present and prospective—of a company.

Value of a Policy—The Reserve.—The *net value* of a policy is the difference between the net single premium for the sum insured at the age of the policy holder, when the policy is valued, and the present value of all future net premiums calculated to be received. The *gross value* of a policy is the difference between the net single premium, as given above, and the present value of all future *gross* premiums to be received on the policy.

Owing to a fixed law governing these reserves, life insurance mathematics enables one familiar with it to tell, not only the *present*, but also the *future*, net value of any kind of a policy. A tabulated statement of the yearly net values, from the present to any future date, is called an "ABSTRACT OF NET VALUES" for that policy. Some of the advantages of such an abstract are :

1. **It names the amount** of cash held by a company in the "*Reserve Accumulations*," from year to year, to the credit of a policy, for a term of years.

2. **It indicates** the equitable cash surrender value of a policy, from year to year, for a designated period of time, commencing with *the present*. The cash surrender value is generally from 30 to 95 per cent. of the reserve accumulations.

3. **It indicates** the amount of paid-up insurance that should be given, if desired, in exchange for the original policy.

4. **It indicates** the amount of *cash loan* that could safely be made on a policy, if assignable, as collateral security; one-half to three-fourths of the *reserve accumulations* would be a safe loan.

5. **It is a safe guide** to a correct decision on any proposed changes affecting present insurance.

6. **It enables one** to closely approximate the loss on a tontine policy, if the required number of premiums be not paid, as specified in the contract.

7. **It gives a correct basis** for dividends, if any, paid by companies in the hands of Receivers.

8. **Such an Abstract** makes its owner thoroughly intelligent, at all times, with reference to his Insurance. It is protection to the insured ; it is protection to his family.

9. **Without one of these Abstracts,** for each policy in force, one possesses property the cash value of which he knows

little or nothing. He is annually making cash deposits with no definite information as to the balances in his favor. The *cost of insurance* is the difference between the actual amount of cash premiums paid and the cash surrender value of the reserve accumulations to the credit of the policy. One is supposed to know what he has paid. An Abstract tells him the amount of his reserve accumulations.

LIFE INSURANCE FAILURES.

In a pamphlet, entitled **"Life Insurance; its history in the United States during the last half century."** Published by the GLOBE NEWSPAPER COMPANY, Boston, Mass. 1885, is the following:

"In 1860 there were but fifteen Life Insurance Companies doing business in the country, and all but two of these companies are doing business now. In 1865 the number had increased to twenty-five. From this time there was a perfect deluge of additions to the companies. By 1871 there were seventy-two companies trying to do a business, which might well have been left to the original fifteen. There seemed to be a perfect craze. Each city must have its Life Insurance Company, and one being organized another must become its rival. Men who had failed in everything else thought that because there had never been a failure in Life Insurance it was their field. Men who knew nothing about the business organized companies, bought furniture and books, and set up shop as a Life Insurance Company. The business was tampered with to an extent which had never fallen to the lot of any other business. Of the seventy-two companies in 1871, it is probable that not thirty of these had educated Life Insurance men at their heads. What could one expect as a result of this craze? Could one suppose that it would meet a fate different from that of all other business handled by men who know nothing of it? Let any sensible man answer the questions. Could one have expected these companies to succeed? People do not buy their hats of shoemakers, nor do they buy shoes of tailors. A farmer or a butcher could undoubtedly cut off a leg, but he would be sure to kill his patient, A well educated physician would surely make a failure in trying an intricate law case, and an expert attorney would doubtless be capsized in trying to sail a boat. The trouble, and the sole trouble with the mushroom Life Insurance Companies was that men undertook to do what they did not know how to do, and they failed, just as it was certain that they would fail."

"Taking every organization that ever did any business in Life Insurance, and the record is that seventy-seven companies have been in the business that are not now in the business. These companies are as follows: (Here is a list of these companies.) There have been a few other futile attempts to establish a Life Insurance Company, but the foregoing is a list of the companies that came before the public for business, and that did business of any consequence."

"Some of the above-named companies failed outright, some of them reinsured their risks in other companies, which afterwards failed, others of them reinsured their risks in companies which

are solvent, and which have carried out all of the original contracts, and some of them did not do any business at all. The following table shows the assets of fifteen of the larger of the companies at the last annual report, before they ceased business. The assets of the other companies are stated with just as much precision, but are placed in one sum:

Knickerbocker, N. Y.	$6,033,231
North American, N. Y.	5,789,074
Globe, N. Y.	3,613,291
Continental, N. Y.	6,229,484
Security, N. Y.	3,683,186
Life Association, Mo.	3,043,538
St. Louis Mutual, Mo	6,195,329
Universal, N. Y.	3,542,320
Guardian, N. Y.	3,976,976
New Jersey Mutual, N. J.	1,808,882
Atlantic Mutual N. Y.	1,252,016
Widows' and Orphans', N. Y.	1,599,068
Republic, Ill.	2,034,541
World, N. Y.	344,258
All other companies	11,493,145
Total	$60 638,339

"It will thus be seen that the total assets of all the companies that have failed in this country, given in the last annual report before they failed, was about $60,000,000. But, as before said, in a number of cases the risks were safely reinsured in other companies. The amount of these reinsurances, at a safe estimate, would reduce the amount to $40,000,000. Then, again, the failures were not absolute. In some cases nearly the whole liability was saved. In others a large portion was saved. It is not probable that over half the amount was really lost. Still, it may be, and probably is, true that $25,000,000 have been lost by those Life Insurance Companies that failed."

"When we look at the enormous business of Life Insurance in this country, and at the great good it has accomplished, the life insurance failures seem very small compared with the failures of banks in the last forty years, or with failures in any other class of business, the amount is small indeed."

The article then goes on to state the amount of losses that these companies paid while doing business. They are given in detail and amount to $41,208,015. It concludes with the following:

"Compare the amount of money lost by Life Insurance Companies which have failed, and the good accomplished by these very companies in the payment of over $41,000,000 of losses, and give credit where credit is due. Can any other business show as much good accomplished where the business has resulted in failure? But there is another perfectly just way to look at the money lost by failed Life Insurance Companies. It is a large estimate to call the amount $25,000,000. The Life Insurance Companies, as has been shown previously, have assets of about $500,000,000. They have paid dividends of about $250,000,000, and they have paid in purchase of policies before maturity about $150,000,000. If this amount be added to the amount used in

expenses of management, we may say that the Life Insurance Companies of this country have handled about $1,500,000,000, and that, in doing so, some inexperienced men, who engaged in the business and failed, lost $25,000,000. Take the business in any way, look at it from all sides, and then make the record, and tell the results.

"Let the record be told as it is. Say it boldly. Between *one* and *two* per cent. of the money handled by the Life Insurance Companies has been lost by bad management. If the wisest men in the world had conducted all of the business, we could not have expected better results. Let any man who is disaffected as to life insurance, because some companies have failed, look at the facts as they are, and he will forever after compliment the business rather than criticise it adversely. The result is in favor of the business. It is complimentary in every way."

LIFE INSURANCE EXPENSES.

The following figures with reference to the comparative expense of Life and Fire Insurance companies are compiled from tables found in the Insurance Year Book, 1885–6; those referring to Railroad corporations, from Poor's Manual, 1885:

Total income of 47 **American Life Insurance Companies**, from 1879 to 1884, inclusive, **six years**.....	$532,899,994
Total **premium** income for the same time	377,639,310
Total **expenses** for the same time.....	77,217,951
Ratio of expenses to total income.....	14½ per cent.
Ratio of expenses to *premium* income....	20⅔ per cent.
Total income of 311 **American Fire and Marine Insurance Companies**, from 1879 to 1884, inclusive, **six years**.....	$84,505,401
Total expenses for the same time.....	26,877,298
Ratio of expenses to total income.....	31⅘ per cent.
Total income of 24 **Foreign Fire and Marine Insurance Companies** doing business in the United States from 1879 to 1884, **six years**.....	$26,322,374
Total expense for the same time.....	8,107,447
Ratio of expenses to total income.....	30 7/10 per cent.
Total gross traffic earnings of the Railroad companies of the United States from 1880 to 1884, inclusive—**five years**..	$3,680,182,323
Total net traffic earnings the same time...	1,369,754,581

Total expenses for same time.....	2,310,424,742
Ratio of expenses to gross traffic earnings.	62⅘ per cent.

The **Hon. Elizur Wright**, in 1863, said:

"The proper office expenses of the companies, apart from the use of the press to enlighten the public mind, are usually very moderate compared with those of most other moneyed corporations. To these must be added taxes and legal expenses, indispensable to protect the common fund against the raids of fraud."

Also the following:

"The expenses of management do not ordinarily increase in proportion to the business, but it is in the largest companies that the largest percentage of the premium has either returned to the policy-holders or is accumulated for their benefit."

These statement are doubtless as true to-day as in 1863, as shown by the comparison just made of the expenses of Life Insurance companies with those of Fire and Marine companies and Railroad companies. But, as a safe test of the economy of one life insurance company with that of another, in matters of expense, the comparison of expenses with total or premium income is questioned by some of our best thinkers on the subject.

Mr. Wright said, in 1873:

"When two companies are to be compared in regard to the economy of their working expenses, comparing their respective ratios of expense to either total or premium receipts is about as idle as it would be to count the buttons on the clothing of their respective presidents."

One of the oldest, most conservative, and best managed Life Insurance companies in the United States takes the position that the **ratio of gross insurance expenses to net insurance claims met**, during any year, *is the only clearly intelligible and scientific test of the economy of expenses.* The company illustrates this new test by reference to its own record of business in 1884, as follows:

Gross expenses	$360,170.17
Deduct investment expenses.....	74,757.00
(1) Gross insurance expenses.....	285,413.17
Gross death claims	973,693.00
Deduct the part paid by premium reserve....	328,217.49
(2) Net death or insurance claim.....	645,475.51
Exact ration of (1) to (2).....	44.2 per cent.

"An inspection of these figures is sufficient to show the principle involved, which is simply to distinguish INSURANCE from IN-

VESTMENT expenses, so that it may be seen that each branch of business has been conducted with due economy."

"Under ordinary circumstances, INSURANCE EXPENSES approaching the full value of insurance furnished, or amount of insurance claims paid, should be regarded as extravagant; and INVESTMENT EXPENSES so large as to defeat the realization of a fair rate of interest on investments should also be so regarded."

This new test is further illustrated by the company, as follows:

"This company's ratio of gross expenses to gross income for 1882 was 12.7 per cent., and to the mean amount of its policies in force, 0.57 per cent. The reader will at once perceive that these figures convey no conclusive or practical idea to him, such as he is given when he is informed that the INSURANCE EXPENSES bear a certain proportion to the INSURANCE CLAIMS PAID. Expenses may be incurred by a company amounting in a given year to more than 100 per cent. of the insurance claims paid, or real insurance service rendered by it, in the same year, which, of course, would be highly extravagant, and yet the extravagance might escape detection in a comparison with income, or the amount of policies in force; for the amount of expenses, notwithstanding their extravagance, would still be far below either of these amounts."

In illustration of the unreliability of the ratio of gross expenses to gross receipts or premium income, as a test of the economy of one Life Insurance Company as compared with another, the reader is referred to the official report of the Insurance Commissioner of Massachusetts, Jan. 1, 1874, pages xxxii to xxxvi, inclusive. In the example there cited, by a skillful manipulation of figures, the ratio of expenses to gross receipts was reduced from 14.33, the correct ratio, to 8.76 per cent.; and the ratio of expenses to premium receipts was reduced from 20.16, the correct ratio, to 10.6 per cent.!

CHAPTER VI.

THE LEVEL PREMIUM SYSTEM.—ITS DISTINGUISHING CHARACTERISTICS.—REQUISITES FOR SOUNDNESS AND PERMANENCY.—ANALYSIS OF A PREMIUM.—THE RESERVE ELEMENT.—THE MORTALITY ELEMENT.—THE EXPENSE ELEMENT.—SOURCES OF DIVIDENDS.

SYSTEMS OF LIFE INSURANCE.

Three systems of Life Insurance are operated in this country under the protection of law. They are **The Level Premium System**, sometimes called "Old Line"; **The Natural Premium System**, and **The Assessment System**. These are discussed in the following pages in the order named.

I. The Level Premium System.

DISTINGUISHING CHARACTERISTICS:

1. **The premium is required to be paid** *in advance.*
2. **The contract between the company and the insured is called a** *"policy."*
3. **The policy always designates a definite sum to be paid by the Company to the beneficiary, or beneficiaries, named therein.**
4. **The premium is a** *"level premium;"* **that is, it is the same from year to year, during the premium paying period,** *unless reduced by dividends.*
5. **The policy-holder is never insured for the full face value of his policy and additions. His insurance is only for a sum equal in amount to the** *difference* **of these and their reserves.**

REQUISITES FOR SOUNDNESS AND PERMANENCY.

a.—**The premium must be based on safe assumptions of future mortality, interest and expenses.**

To illustrate.—Let it be required to make an annual premium, at age 40, for $1,000 of insurance, on the Ordinary Life Plan, basing it on the Actuaries' Table of Mortality and 4 per cent. interest. It is first assumed that, of the 78,653 persons living, at age 40, at the beginning of the year, 815 will be dead at the end of the year, and, also, that the number living and dying every year, thereafter, will be as represented in the table. The assumption is that the future mortality of the *Company* will be as thus represented and this assumption is regarded, by all competent actuaries, the world over, as a perfectly safe one. It is also assumed that 4 per cent. compound interest will be received, by the company, on the reserve accumulations of the policy, and this is also regarded as a safe assumption. On these assumptions of future mortality and interest, by a process not necessary to explain here, the *net* annual premium is found to be $23.68. It is then assumed that $7.89, annually, will be a safe contribution for expenses. Adding these two, the result is $31.57, which is the *gross* annual premium, at age 40, for $1,000 of insurance, during life. The assumption of future expenses is entirely arbitrary and varies with different companies, ranging from 25 to 40 per cent. of the net premium.

b.—**The Company must have in hand, from year to year, the accumulations of *reserve* provided by law, safely invested in securities earning a rate of interest not less than that assumed in making the premium. If a higher rate be realized, a dividend can be paid.**

To illustrate.—Suppose that the insured is 40 years old at the beginning of the *first* policy year; that the policy is for $1,000, Ordinary Life, and that the premium is based on the Actuaries' Table of Mortality, and 4 per cent. interest. The net annual premium is $23.68, and it is also the required legal reserve, at this, the *beginning* of the *first* year; but it gradually diminishes until, at the *end* of the year, it is only $14.41. The difference between the legal reserve at the beginning, and at the end of the year,—$9.27—, is supposed to have been used in payment of death claims. At the beginning of the *second* policy year, after the premium for the year has been paid, the net annual premium, —always $23.68—, is added to the legal reserve at the end of the *first* policy year, $14.41, making $38.09, which is the required legal reserve at the *beginning* of the *second* policy year. This, also, as during the first year, gradually diminishes, until, at the *end* of the year, it is $29.31, which is the legal reserve at the *end* of the *second* policy year; and so on. It will be noticed that the legal reserve at the *end* of any policy year is always larger than it was, at the *end* of the last preceding year; and, also, that the re-

serve, at the *end* of *any* policy year added to the uniform net annual premium, *at the age when the policy was issued*, gives the legal reserve at the *beginning* of the *next* policy year. At the end of the *first* policy year, as has been shown, the legal reserve is $14.41; at the end of the *second* policy year it is $29.31, gradually increasing from year to year, until at the age of 100—in case of a life policy, based on the Actuaries' Table of Mortality—it is equal to the face value of the policy.

c—Good Management.

Under the Level Premium System the larger and more prominent companies, both in this and in foreign countries, are doing business. For convenient illustration, let it be assumed that a policy of $10,000, Ordinary Life plan, annual premium $264.90, has been issued on a life at age 35. This premium, the first year, is composed of the following elements, premising that it is based on the Actuaries' Table of Mortality, and four per cent. interest:

1. **The Reserve Element**	$110.39
2. **The Mortality Element**	88.27
3. **The Expense Element**	66.24
Gross Premium	$264.90

The Reserve Element.—Upon payment of the first annual premium of a Level Premium Policy, insurance law and mathematics require that a part of it shall be invested by the company and compounded, annually, at a certain rate of interest—usually four, or four and one half per cent.—until the policy becomes a claim by death or maturity. Then it is applied in part payment of the claim. A part of every succeeding year's premium is also required to be thus invested. The accumulation of these investments is technically called "*the reserve.*" This *reserve* becomes larger and larger the longer the policy remains in force, until it equals in amount the face value of the policy, at age 96 or 100, if a life policy; or, at the end of the endowment term, if an endowment policy. A Level Premium Company, not having in hand the *reserve* prescribed by the state from which it received its charter is not solvent, and, when it would enter other states for business it must comply with the reserve laws of those states.

The *reserve* should not be confounded with surplus. It is not surplus. It may produce surplus, as will be seen further on. The *reserve* can be used for no purpose whatever while the original policy is in force, except for accumulation. If a note has been given in part or full payment of a premium, it is a part of the *reserve*. If a policy were to be sold, to the company or another party, the *reserve*, at date of sale, indicates its cash value. If the

original policy were to be exchanged for a similar, smaller one, a paid up, one upon which further payment of premiums would not be required, the *reserve* determines the amount of such paid-up. It would be what the *reserve* would pay for at your then age, according to the rules of the company.

By referring to Table No. 19, it will be seen that the *reserve* on the assumed policy, at the end of the first year, is $114.81, and at the end of the 65th year, $10,000. If the policy were for a different amount; or, for the same amount at a different age; or, in general, if the age, kind or amount of policy, either or all of these were different in any respect, then the *reserve* would be different. It is assumed that the *reserve* on this policy will earn four per cent. compound interest; that, during the first policy year, $88.27 will be used in payment of death claims, and $66.24 for expenses, and *similar* amounts every year thereafter. If these assumptions be realized, no more and no less, and no dividends or profits accrue from other sources to reduce the premiums, then the insured will pay the Level Premium of $264.90, every year, during life. Thus paying, for the whole term of life, he will be insured, *not for* $10,000, but as follows: At the end of the first policy year, $9,885.19; at the end of the tenth year, $8,665.88; at the end of the fifteenth year, $7,857.00; at the end of the thirtieth year, $5,153.62, and so on, for a decreasing amount, year after year, until, at the end of the sixty-fifth year, at the age of 100, he will have *no insurance*, as the *reserve* will then just exactly equal the face value of the policy. It is a very remarkable characteristic, therefore, of "The Level Premium System", that a policy-holder is never insured for the full face value of his policy and additions! His insurance is only for a sum equal in amount to the *difference* of these and their *reserves*.

Twenty-seven Level Premium Life Companies reported to the Massachusetts Insurance Department, Dec. 31, 1884. According to their sworn statements, in these reports, their net total assets amounted to $469,898,831. Their reserves amounted to $418,285,178! The reserves, therefore, constituted nearly *ninety per cent.* of their assets!!

Amzi Dodd, president of THE MUTUAL BENEFIT LIFE INSURANCE COMPANY, of Newark, New Jersey, one of the largest and oldest Level Premium Companies in the United States, in his Annual Report, Jany. 1, 1883, says, with reference to the reserve accumulations of companies, as follows:

"In regard to this fund a few explanatory words may be useful. Each policy is credited on the company's books with a separate reserve, according to its age, kind and amount. It arises from the simple circumstance that the risk of death (and, therefore, the cost of insurance) increases with each year of life, while the premium which is paid on the policy differs in amount from the cost of insurance. Out of 1,000 persons, living at the age of 35, our American Experience Table of Mortality shows

that *nine* will die in the ensuing year. Out of 1,000 living at the age of 45, *eleven* will die; out of 1,000, at 55, *eighteen;* out of 1,000, at 65, *forty;* out of 1000, at 70, *sixty-two;* out of 1,000, at 80, *one hundred and forty-five;* at 85, *two hundred and thirty-six;* at 90, *four hundred and fifty four;* at 92, *six hundred and thirty-five;* at 94, eight hundred and fifty seven; at 95, *one thousand* that is to say, by the table, life is not extended beyond 96.

"From the above figures it appears how the cost of insurance increases yearly. This increasing cost would be the *natural* premium. For the sake of convenience, the sum ordinarily agreed to be paid in each year, is different, and is called the *artificial* premium. During many years after the policy is issued, the artificial premium is greater than the natural, and in after years it is less. In case of a policy issued at the age of 35, the artificial premium is greater than the cost of insurance till the insured reaches the age of 56. After that age it grows rapidly less.

"Out of this state of things arises the whole matter of reserves, so fundamental and so much discussed in Life Insurance. Simple as it is when stated, it is remarkable how often it is imperfectly, or obscurely conceived. If the policy contract, instead of calling for the same premium each year, should call for the gradually increasing natural premium, there would be no need of reserves or accumulated funds. The Company and its members would do business on the rule of "pay as you go." The policy-holder would get yearly the equivalent of his money paid. But under the system almost universally in use he pays largely in advance, and the Company holds the money to offset against insurance in after years, when the insured does not wish to be called on for larger payments. The reserve fund thus arising is sometimes called the *wealth* of Life Insurance Companies. It is obviously not such; but a *debt* from the corporation to its members: a great trust fund confided to the managers.

"The foregoing will serve to indicate several points to which only a brief reference need now be made: *Firstly*—The paramount importance of keeping an ample reserve fund securely invested. It is vital to the fulfillment of the company's contracts with its members. *Secondly*—Why it is that a company should make an equitable allowance for the value of a policy when the holder can no longer pay premiums, or from any cause discontinues them. The company has in its hands a reserve for the policy, the most of which it can return either in cash or in the form of insurance, without injury to its other members or policy-holders. The reserve is held for the future needs of the policy, and when such needs cease to exist a fair return can be made."

The Mortality Element.—The name sufficiently indicates its use. In the premiums under analysis, it is $88.27 the first year. *Theoretically*, this is the maximum amount chargeable to the insured, in any one year, as his contribution to the death fund, but, practically, this element of the premium and the expense element are merged together. Sometimes the death rate is in excess of that assumed, and the expense element is drawn upon to make up the deficiency, and vice versa.

Column (3), Table No. 19, shows the amount of insurance, from year to year, that the company has *at risk* on the assumed policy. It is at all times the excess of the face value of the policy over the *reserve* in hand. When the insured dies, this ex-

cess or amount at risk is paid from the Mortality Elements of the premiums of surviving policy-holders. To illustrate, suppose death occurs at the end of the tenth policy year. The reserve is $1,334.12. This lacks $8,665.88 of paying the $10,000. This deficit, therefore, must be paid from the Mortality Elements of the surviving policy-holders' premiums, as stated before.

According to the Actuaries' Table of Mortality the cost of insurance, at age 35, is only $9.29 for each $1,000. At age 50, it is $15.94; at age 60, it is $30.34; at age 70, it is $64.93; at age 80, it is $140.41; at age 90, it is $323.73; and at age 99, it is $1,000 for $1,000 of insurance! From this it is seen that, if no accumulations were held in reserve, under The Level Premium System, the death rate would eventually be so large that the *entire premium*,—the three elements combined—, would be insufficient for the payment of death losses, alone, saying nothing of expenses. But the constantly increasing *reserve* is continually diminishing the amount of insurance at risk, so that the *decrease of risk* neutralizes *the increase of mortality*.

The Expense Element.—"The net premium," says Gustavus W. Smith, "is the amount that will, on the designated data —namely, rate of interest and table of mortality—exactly effect the insurance."

"Loading"—The Expense Element,—, says Elizur Wright, "is the addition which is made to the 'net premium,' to provide for commissions and other working expenses, and for occasional excesses of mortuary loss."

In the premium under analysis the expense element is $66.24. This is the assumed, maximum, annual charge against the insured for expenses. By adding the *reserve* and Mortality Elements of any premium, we obtain what is called the "*net premium*," which, in the example selected, is $198.66; then, by adding The Expense Element, we obtain the Gross Premium of $264.90. Net premiums,—age, kind and amount of insurance being the same.—are the same in all Level Premium Companies that base their rates on the same Mortality Table and rate of interest; but the Gross Premiums are most always different, because of the difference of the Expense Elements. Of two Level Premium Companies, one has been charging a Gross Premium of $313.00, and the other only $266.10, for $10,000 of insurance, life plan, age 40, the *first year*. Their net premiums are the same, but the Expense Element of the former is $89.46, while that of the latter is only $42.56. The dividends at the end of the first year, if used in part payment of premiums, would possibly reduce the second year's payment in each to about the same amount, and, after a few years, the higher price company, at first, might prove to be less expensive in the long run.

The *Reserve* and *Mortality* Elements are determined by care-

ful mathematical calculations, while the *Expense* Element, or "loading," as it is technically called, is entirely arbitrary.

SOURCES OF DIVIDENDS.

In the Level Premium System.

1.—Dividends arising from having received a higher rate of interest on the reserves than that assumed.—It has been stated that the reserves of every company must be invested and compounded annually, at a certain rate of interest, *fixed by law.* In the example selected, we assume the rate to be four per cent. If only four per cent. be realized, there can be no dividends from this source. But, suppose, for illustration, that the reserve earns six per cent. compound interest, or *two per cent.* more than that assumed. By referring to col. (5), table No. 19. it will be seen that this gives a dividend, end of 1st year, of $2.30; end of 5th year, $12.26; end of 10th year, $26.68; end of 15th year, $42.86; end of 20th year, $60.26; end of 25th year, $78.50; end of 30th year, $96.92; end of 35th year, $114.64; end of 40th year, $131.00; end of 45th year, $145.62; and at the end of the 65th year, $200!! Columns (4), (6), and (7) show what the dividends would be if the reserves were to earn five, seven or eight per cent. compound interest. One of our most prominent Life companies realized an annual average of *eight and one-quarter* per cent. compound interest on its reserves, from 1872 to 1883; but in 1883 it was only a trifle more than *six and three-fourths* per cent., which, although much reduced, was very high in comparison with that of some other older companies. Another company that received *seven and one-fifth* per cent. interest on its reserves in 1873, realized less than *five per cent.* in 1883! This reduction of interest has but little effect on the dividends of policies that have been in force only a few years, when the reserves are comparatively small; but, on *old* policies with large reserves there has been a marked reduction of dividends. The companies should not be censured as it could not be avoided. Agents and solicitors of comparatively young companies have sometimes seized upon the fact of this large reduction of dividends on old policies in the older companies, and made it the basis of severe and unjust criticism by comparing *recent*, with former dividends on the same policies before interest had dropped.

The reserves of the Level premium companies doing business in Massachusetts last year, as shown by official reports, Dec. 31, 1884, amounted to $418,285,178. If only five per cent. interest be realized on these reserves during the present year, the dividends resulting therefrom will amount to over *four millions of dollars;* if six per cent. be realized, the dividends will be more than *eight and one-third millions of dollars;* and, if the reserves earn seven

per cent, the dividends will be over *twelve and one-half millions of dollars!!*

2.—Dividends arising from having experienced a less mortality than assumed.—The mortality element of a premium is the *assumed* maximum annual contribution of the insured for the payment of death losses. In the premium under analysis it is $88.27 If it be not all used for that purpose, the *unused* portion will be returned to the policy-holder at the end of the policy year, improved by interest, as an element of his dividend for that year. Dividends from this source, in our best conducted companies, where extreme care has been exercised in the selection of sound lives, have been quite large, amounting some years to twenty or even thirty per cent. of the assumed mortality. So long as the actual mortality, among the members of a company, is less than the mortality indicated by the table upon which its premiums are based, there will be a constant annual surplus for dividends from this source. If a company be *National* in character, with its business sufficiently large for a safe average, and quite evenly distributed over the whole country, there need be no apprehensions of serious trouble from epidemics, wars, earthquakes, etc., etc. The great law of mortality operates with as much precision as the laws of light, heat, electricity and gravitation.

Several years ago a special agent of a New York company was sent on business to one of its General Agencies in New England. While there, the General Agent remarked that he had *one* policy-holder who was always *grumbling*. His policy was for only $1,000, but his fruitful imagination was constantly conjuring up something that might possibly happen to the company and his policy thereby become worthless. Sometimes it was one thing, and at other times, another. Just at that time he was fearful that some fatal epidemic might sweep over the country, and, if not all, a very large percentage of the policy-holders of his company would suddenly die and the company thus become hopelessly insolvent. The general agent expressed a desire that the special should have an interview with this troublesome policy-holder. An interview, therefore, was arranged, and in a few hours the special agent and the vexatious policy-holder confronted each other in the private office of the general agent. After customary preliminaries, the policy-holder said, "What are the assets of your company?" "25 millions of dollars" was the reply. "What amount of insurance has the company in force?" was the next question. "165 millions of dollars" promptly responded the special. "Now, sir," rejoined the policy-holder, "suppose all your policy-holders were to die before to-morrow morning, how could the company pay 165 millions of dollars, when, according to your statement, just made, it has only 25 millions of dollars to

pay it with?" The special agent replied, "I will answer your questions by asking another. I will suppose you have three sons whose ages are five, ten and fifteen years, respectively, and that you have decided to make a permanent investment by which each of these sons shall receive, at age 21, $1,000 in cash. Your youngest son will be 21 in 16 years; the next older, in 11 years, and the oldest son in six years. Assuming that money will earn four per cent. compound interest, you find that $533.90 will amount to $1,000 in sixteen years; $649.60 will amount to $1,000 in eleven years, and $790.30 will amount to 1,000 in six years. You make your investments, accordingly, and you have the best of reasons for believing that each of these sons will receive the $1,000 thus provided for at the age of 21. You know that sixteen years must elapse before the youngest son will be 21; the next older will not be 21 until the end of eleven years, and it will be six years before the oldest son will be 21. But what if all three of these sons *were to become* 21 *years old to-morrow?* Your investments would not pay the $3,000, would they? If all our policy-holders were to die before to-morrow morning, it would be a phenomenon *as exceptional* as if your three sons were to become 21 years old to morrow. In that event our 25 millions of dollars would not pay the 165 millions of dollars any more than your investments would pay the $3,000. One event is as likely to occur as the other."

3.—Dividends arising from the expenses having been less than those assumed.—If the expense element of a premium, which, in the example for illustration is $66.24, is not all needed for the purposes indicated, the balance is paid back to the insured, with interest earned, at the end of every policy year, as an element of his dividend. In looking over the records of the companies for a series of years, it will be seen that their expenses have *averaged* from about $5.00 to $15.00 per annum for each $1,000 of insurance in force. The lower averages, with rare exceptions, are those of the older companies having large amounts of old business on their books, in which the agents have no renewal interest. This showing, however, is to some extent delusive. There are three well defined periods in the expenses of every company's business,—(1), the expense of procuring new business; (2), the expense of taking care of it after the first year and until the agents' renewal commissions terminate; (3), the expense *after* the renewal commission period. If our insurance laws would require every company to report its expenses during each of these periods, *separately*, one would probably be better qualified to judge more accurately of the comparative merits of the companies, in this respect.

4. Dividends from Lapses and Forfeitures. A policy is said "*to lapse*" if the premium is not paid when due.

If the Company accept the policy afterwards, upon certificate of health, or otherwise, the policy is then known as a "*Restored Policy.*" A policy is "*forfeited*" when one or more of its conditions of non-forfeiture are violated. These conditions vary in the different companies, and in the different kinds of policies issued by the **same** company. The margins made, therefore, on lapses and forfeitures, depend not only upon the company that issued the policy, but also upon the kind of policy issued. A policy, in some companies, may *lapse* and not be *forfeited;* or, it may be *forfeited* without *lapsing.* In other companies a *lapsed* policy is also a *forfeited* policy, until restored, or a paid-up be issued in exchange. Every kind of a policy in every company *will lapse*, if the premium be not paid when due; but the consequences to the policy-holder, of the lapse, would be widely different in different companies and in different forms of polices. If a **Tontine Policy**, it may be *restored* to its original condition by paying the unpaid premium within 60 or 90 days, *with accrued interest.* If not restored within the specified time, it becomes a *forfeited* policy, and all the reserve and dividend accumulations will be finally paid to the persistent members of his Tontine class; if a **Semi-Tontine Policy**, having been in force three or more years, it may be restored as in the case of a *full* Tontine, or the insured may exchange his semi-Tontine, within a specified time, for a paid-up, forfeiting only his accumulated dividends. If the *lapsed* policy is a Life or Endowment Policy, having been in force two or three years, the consequences depend entirely upon the policy contract of the company that issued it. If in a a certain class of companies, it may be restored—upon giving certificate of health—, or exchanged for a smaller paid-up, *if attended to* within a limited time; or, it may be surrendered for cash. If in another class of companies the policy would be *continued*, so long as the dividend accumulations, if any, would carry it, at the orignal premium rate; if in another class, the lapsed policy, itself, would, immediately, without notice or application, become a paid up for a *smaller* amount payable when the original policy would have been ; if in still another class, it would be continued, for the full amount, so long as the *reserve* would carry it, at single payment *term* rate, without any action on the part of the insured, and so on.

The conditions and consequences of *forfeiture* are as multiform as are those of lapses, but more disastrous to the insured, depending upon the companies selected. Prompt payment of premium is not always a safeguard against forfeiture. Incorrect statements—intentional or otherwise, material or immaterial—made in answer to questions asked in the application for insurance, sometimes forfeit the policy, and, as this point is not generally raised by the company until after death occurs, and the policy is presented as a death claim, vexatious and serious litiga-

tions have been the results. Suicide by the insured, whether sane or insane, voluntary or involuntary; excessive use of intoxicants; going beyond the prescribed limits of travel; engaging in certain occupations, etc., etc., have forfeited a great many policies, and added large amounts to the surpluses of the companies. Some companies—*not all*—seem to have loaded their policy contracts with such a multiplicity of things that the insured *must*, or must *not*, do, that, although he pays his premiums, promptly, he is nevertheless, very liable to forfeit his policy. No agent has authority to waive a lapse or forfeiture, so that when it occurs the entire reserve and dividend accumulations are in imminent peril.

The lapses, *alone*, of fifteen companies, from 1872 to 1881, inclusive, were from fifteen to eighty-seven per cent. of their entire new business written during that time, the *average* being over forty-three per cent. Their new business, in round numbers, was 1,730 millions of dollars. The amount of *lapsed* insurance, therefore, was 744 millions of dollars! We have compared the lapses with the new business, but it must not be inferred from this that the lapses were *from* the new business. A very small percentage of them was from the new business. If the policies averaged $2,000, each, 372,000 *policies* lapsed, during the decade named, *in only fifteen companies*!! Suppose these policies to have all been ordinary Life policies, issued at an average age of 30, and to have been in force an average of *four years* before lapsing, the reserve at time of lapse would have been, according to the Actuaries' Table of Mortality and four per cent. interest, $29,060,640! Some of these policies were doubtless restored; for others paid-ups were probably issued, and others were surrendered for very meagre cash values; but the enormous sum of *more than twenty-nine millions of dollars* was in peril! As these figures *do not include* the lapses of the Massachusetts' and *other* non-forfeitable companies, something had to be done, and that too in a limited time, by the policy-holders, to save any portion of these reserves.

5. Dividends from Cash Surrender Values.—The expression, "*Cash surrender value*," means, practically, this: If a company were to offer $500 *in cash*, for a policy, that would be the cash surrender value of that policy in that company. In *another* company it might be $800, or even $1,000! The cash surrender values of policies issued by Massachusetts Companies since January 1, 1881, are regulated by law; but, with this single exception, the cash surrender value of a policy is whatever the company that issued it offers for it. It is sometimes stipulated in the policy, but is generally left an open question until applied for by the policy-holder. The basis of cash surrender values, in the Massachusetts companies, is the "*Insurance Values*"; but, in all other American Companies, it is the *reserve values*.

A policy-holder in a certain company asked for the cash surrender value of his policy. His reserve and surplus amounted to $155.99. The company offered him $26.38!

Another gentleman who was insured in another company, asked for the cash surrender value of his policy, and was offered $1,876.52. His reserve and surplus amounted to $5,400!

The amount paid by the 29 companies doing business in the State of New York, for the year ending Dec. 31, 1884, for lapsed and surrendered policies, was $9,503,530. Assuming that they paid an average of one-quarter of the reserves, the *whole* reserves amounted to $38,014,120! If the policies surrendered were all ordinary Life Policies, issued at an average age of 35, and had been in force an average of four years, their cash surrender value, according to the Massachusetts standard, was $23,948,896—sixty-three per cent. of the reserves. The difference between what they paid and what they might have paid—according to the Massachusetts law—without impairing their vitality, was $14,445,366. This last amount, therefore, was the net profits in cash surrender values, *for one year*, of only 29 of the 50 regular Life Companies doing business in America!

The amount of cash paid for surrendered policies from 1875 to 1884, inclusive,—10 years—, by the companies reporting to the Massachusetts Insurance Department, was $92,099,599. Assuming that an average of one-third of the reserves was paid, the entire amount of reserves was $276,298,797! Assuming, further, that the policies were all Ordinary Life Policies, and issued at an average age of 35, and had been in force an average of four years, their cash surrender value, by the Massachusetts' Standard, was $174,068,242! These companies could have paid this last amount without impairing their vitality. Subtract what was paid, ($92,099,599.), from what might have safely been paid, ($174,068,242.), and we have $81,968,613, as the net profits, in one decade, *in cash surrender values*, by considerably less than the whole number of Life Companies doing business in this country at that time. Had these policies been on the 10-year Life Plan, instead of on the Ordinary Life, as assumed, the net profits would have been more than 162 *millions of dollars!!*

6. **Dividends arising from changes.** It sometimes occurs that a policy-holder, after having been insured a few years, desires to change his policy for one of another kind. It may be an Ordinary Life Policy and he prefers an Endowment or one upon which all the premiums may be paid in ten, fifteen, or twenty years; or, he may wish to reduce the amount of his present policy. In most companies any such change is attended with more or less loss to the insured, and a corresponding profit to the company.

CHAPTER VII.

CLASSIFICATION OF THE LEVEL PREMIUM COMPANIES.

CLASS A.—THE MASSACHUSETTS NON-FORFEITURE LAW OF 1880. —LETTERS AND ANSWERS.—EXAMPLES ILLUSTRATING THE LAW.

The companies doing business under **The Level Premium System** may be properly grouped into the following classes :

CLASS A.

This class includes all the Life Companies chartered by and doing business under the authority and supervision of the commonwealth of Massachusetts. They are distinguished from all other companies doing business in America because of "**An Act limiting the Forfeiture of Policies in Life Insurance Companies,**" approved April 23, 1880, taking effect on the fifth day of March, 1881, in compliance with which all their policy contracts are drawn. As this law involves a new principle in *Paid-up policies and cash surrender values*, it is given in full as follows :

Public Statutes, Chap. 119, Sections 161-166. Sect. 161. No Policy of Life or Endowment Assurance issued after the thirty-first day of December, in the year eighteen hundred and eighty by a domestic company shall become forfeited or void for non-payment of premium after two full annual premiums have been paid thereon, in cash or note, or both ; but upon default in a subsequent premium payment such policy shall become subject to the conditions expressed in the four following sections, any stipulation or condition of forfeiture contained in the policy or elsewhere to the contrary notwithstanding ; and any waiver by the assured of the provisions of this and the four following sections shall be void ; but the provisions of this section and of said sections shall not prevent the performance of any stipulation or condition in any policy issued before the fifth day of March, in the year eighteen hundred and eighty-one.

Sect. 162. In case of default in the payment of a third or of any subsequent annual premium on any such policy, then, without further negotiation or stipulation, such policy shall be binding upon the company for an amount of paid up insurance which the then net value of the policy, less any indebtedness of

the assured to the company and a surrender charge as provided in the following section, will purchase as a net single premium for Life or Endowment Assurance maturing or terminating at the same time and in the same manner as provided in the original policy contract; that is to say, no condition of the policy contract other than for the payment of premiums shall be affected by the provisions of sections one hundred and sixty one to one hundred and sixty-five inclusive; nor shall any change be made in the terms of said contract on account of default in premium payment, after two full annual premiums have been paid as provided in the preceding section, except as herein set forth. The net value of the policy, including all dividend additions declared thereon at the date of said default, shall be ascertained according to the "combined experience," or "Actuaries'" rate of Mortality, with interest at four per cent. per annum; and from such value shall be deducted any indebtedness of the insured to the company or notes held by the company against the insured, and a surrender charge to be determined as provided in the following section.

Sect. 163. Said surrender charge shall be determined as follows: Assuming the rate of mortality and interest mentioned in the preceding section, the present value of all the normal, future, yearly costs of insurance which by its terms said policy is exposed to pay in case of its continuance shall be calculated, and eight per cent. of this sum shall be the legal surrender charge.

*Sect. 164. When after the payment of two annual premiums as provided in section one hundred and sixty-one the insurable interest in the life of the insured has terminated, the net value of the policy, subject to the conditions named in section one hundred and sixty-two, shall be a surrender value payable in cash; and upon the termination of such insurable interest the holder of a policy upon which by its terms no further premiums are payable may upon any anniversary thereof claim and recover in cash from the company a surrender value computed as aforesaid; but upon policies of prudential or industrial insurance, on which the premiums are five cents per week and upwards, but not exceeding fifty cents, the surrender value shall in all cases be payable in cash.

Sect. 165. The insurable interest named in the preceding section shall be construed to have terminated when the insured has no minor or dependent child; and his wife, if he has one, and any living beneficiary or beneficiaries named in the policy, shall join in the application for surrender thereof.

Sect. 166 The provisions of the seven preceding sections shall not apply to foreign life insurance companies.

As there have been many contradictory statements made with reference to a policy-holder's *legal* claim, under this law, for cash surrender values, a communication was addressed to the Hon. Elizur Wright with reference to it. The communication and his answer are as follows:

"Chicago, Ill., Aug. 24, 1885.

Hon. Elizur Wright,
Boston, Mass.

Dear Sir.—Referring to the Non-Forfeiting Law of Massachusetts, 1880, Public Statutes, Chap. 119 Sects. 161–166, inclusive, of which you are the recognized author, will you please state

*See Note I, Addenda.

under what form of policy, if any; or, under what conditions a policy-holder can *not* claim the cash surrender value of a policy issued under this law, after two or more full annual premiums shall have been paid, *in cash*, and no conditions of non-forfeiture named in the policy having been violated

Very truly,

MERVIN TABOR,
State Actuary."

"BOSTON, Aug, 26, 1885.

MERVIN TABOR, ESQ.,
Chicago, Ill.

Dear Sir.—I was not the author of that particular feature of the Massachusetts law about which you inquire. Undoubtedly, whoever was the author, he meant to prevent the payment of any surrender value, *in cash*, whenever "a minor or dependent child" existed who could be benefited by the policy, and to limit that benefit to further insurance. As if the adult beneficiary, if one should exist, and the insured father himself, were not better protectors of that child than the state or the courts could provide! That feature, in my judgment, is a little worse than worthless, as too many laws are, and it is practically inoperative, because it can apply only to a policy whenever the holder has neglected to have the cash surrender value for each year of its term, subsequent to the second, endorsed upon it. This endorsement is always made, I believe, by the company at issue, when requested, and I don't suppose the law means to preclude the company from performing any positive promise of cash.

Yours truly,

ELIZUR WRIGHT."

After receiving Mr. Wright's letter, it was thought advisable to communicate with the companies, themselves, and accordingly the following communication was addressed to the President of each of the Massachusetts companies under date of Sept. 8th, 1885:

Dear Sir.—Inquiries are being made at this office with reference to the conditions requisite for obtaining the *cash surrender value* of a policy under Chap. 119, Sect's 161–166, Public Statutes of Mass. There seems to exist a wide difference of opinion. Some claim that whenever a policy-holder is entitled to a paid-up by operation of the law, he is also entitled to the cash surrender value, instead, if desired; while others assert that no cash surrender values can be paid when the insured has a minor or dependent child. Earnestly desiring to not misrepresent you, and, after consultation with the Auditor of Pub. Accounts, who is Ex-Officio Supt. of the Insurance Department of this State, it has been thought best to address this communication asking your interpretation of the law, and your practice, bearing on the point under discussion. If it be your practice to extend cash surrender values beyond what, in your opinion, the law demands, to certain forms of policy contract, please make the distinction *very plain* between the cash surrender values secured by the *law*, and those voluntarily offered by the company's indorsement of the same. Very respectfully,

MERVIN TABOR.
State Actuary.

In reply, the following communications have been received:

From the New England Mutual Life Insurance Company.

"BOSTON, Sept. 12, 1885.

MERVIN TABOR, ESQ.,
185 Dearborn St., Chicago, Ill.

Dear Sir. —Your favor of the 8th inst. is received. The policy of this company in the matter of the payment of cash surrender values of policies under the non-forfeiture law of 1880 is fully shown in the inclosed circular. Under this law, after two full payments of premium the insured is entitled to paid-up insurance without further negotiation or stipulation, or at his option may in all cases that come under the provisions of the circular receive the cash value of his policy. The law of 1880 is subject to interpretation by the courts, but until the matter has been adversely decided upon, we shall abide by and pay cash values as stated in the circular. Very truly,

(Signed) BENJ. F. STEVENS,
President.

The following is a copy of the circular referred to by President Stevens:

"The attention of the public is requested to the two distinctive features of the Massachusetts Non-Forfeiture Law pertaining to Life Insurance—by which a *cash value* or paid-up insurance is assured to each Policy.

FIRST. Every Policy, upon which *two* or more Annual Premiums have been paid, has a *cash value* payable to the holder of the same, when application is made therefor, upon the anniversary of any subsequent Premiums, provided a legal discharge can be given by all parties interested. A policy made for the benefit of the insured can be legally surrendered by himself, if living, or, by his administrator or executor, in case of his death. A Policy made for the benefit of a married woman can be surrendered upon her receipt and that of her husband. If made for the benefit of children, it must be shown, to the satisfaction of the company, that the insured has no minor or dependent child.

SECOND. If the cash surrender value of a Policy is not applied for, upon the anniversary of the payment of an Annual Premium, as above mentioned, then such Policy, by lapse of payment of premiums, shall become, in the words of the law, "without further negotiation or stipulation,"—binding for an amount of Paid up Insurance which is determined *according to the provisions of the law.* If desired, the amounts of cash surrender values and Paid-up Insurance will be put upon the Policy, and their payment guaranteed by the company. It is believed that this law which applies only to *Massachusetts companies*, and *not to Foreign companies represented in the State*—is the nearest approach to equity yet reached by State legislation. No other State has, upon its Statute Book, a law compelling companies to give to the insured an equivalent for the amount of premiums they have paid.

(Signed) BENJ. F. STEVENS,
President

A letter received from Walter C. Wright, Actuary of the New England Mutual Life Insurance Company, under date of Sept. 10, 1885, written during the absence of President Stevens, closed with the following sentence:

"*We endorse values on all policies, and we are well satisfied with the working of the law.*"

From the State Mutual Life Assurance Co.

"WORCESTER, Mass., Sept. 22d, 1885.

MERVIN TABOR, ESQ.,
Actuary Insurance, Dept., Illinois.
185 Dearborn St., Chicago, Ill.

Dear Sir.—Our interpretation of the Non-Forfeiture Law of this State upon the points which you inquire about is this: In most cases a policy-holder when his policies lapse has the option of deciding whether he will take the cash surrender value of the same, or let it stand for a paid-up Insurance value as determined by the law. *After* lapse, if there be minor or dependent children, the cash surrender value cannot be paid to the insured. While the Company is under no obligation to pay cash surrender values except at the anniversary of the policy after the second, it frequently does pay these values at other times when asked to do so by the policy-holder. As, in nine cases out of ten, the cash surrender value is requested while the policy is still in force, frequently, therefore, the existence of minor or dependent children does not prevent payment. The distinction you see is this: The law applies only to lapsed policies, and gives the minor or dependent children a vested interest in the cash surrender value so that it cannot be paid to the insured. As we generally deal with policies that are in force we make the payment of the cash surrender value to the insured whether there are minor children or not. I believe this covers the questions you ask.

Yours very truly,

(Signed) A. G. BULLOCK,
President."

From the Massachusetts Mutual Life Insurance Company.

"SPRINGFIELD, Mass., Sept. 11th, 1885.

MERVIN TABOR,
Actuary,
185 Dearborn St., Chicago, Ill.

Dear Sir.—Your favor of the 8th came duly to hand. I have asked our Secretary and Actuary to give me their interpretations of the sections of Chap. 119, of Mass. laws referred to by you. Their replies I enclose herewith, and I trust they may answer your purpose. These opinions were written independently; each officer being ignorant of what was written by the other, and so they may fairly be said to represent the company's understanding of the law. I would add that I fully concur with the views expressed in these letters

Yours truly,

(Signed) E. W. BOND,
President."

"SPRINGFIELD, Mass., Sept. 11th, 1885.

E. W. BOND,
President:

Dear Sir.—As requested by you, I have read Mr. Tabor's letter of the 8th inst., and to the questions therein, I reply as follows:

"Our understanding of the Massachusetts Law of 1880, is that at any of the times when a cash value would be claimed, as a right, by an insured person who had no minor or dependent child, the same cash value may be asked as a favor by an insured person who has a minor or dependent child, and the company may lawfully comply with this request, if a proper surrender can be obtained from the insured and the beneficiaries. In practice, this company is in the habit of so complying, but it does not *bind* itself to pay cash values in cases where the same are not required by the law, except that it agrees to pay the cash values on fifteen and twenty payment life policies (on the all cash plan) after they have become fully paid-up, on full surrender of each such policy on the anniversary of its date.

Very truly,

(Signed) OSCAR B. IRELAND,
Actuary."

SPRINGFIELD, MASS., Sept. 11, 1885.

E. W. BOND, ESQ.,
President:

Dear Sir.—In response to your request that I give you my interpretation of the so-called Non-Forfeiture Law of 1880, I would say that according to my understanding of sections 161 to 166, Chap. 119 of our Public Statutes, we cannot be compelled to pay the cash value fixed therein for a policy issued under the law, no matter whether the policy be written for the benefit of one's estate or for the benefit of wife, children or other persons, except when the insured has no minor or dependent children. When the insured has no minor or dependent children, he may insist upon such cash value, provided his wife or any other beneficiary mentioned in the policy, joins in the surrender to the company; and if the insured be in a condition to insist upon the cash value, he can only claim it on a second or subsequent anniversary of the policy. The law places no obstacle whatever in the way of the company's buying its policies issued under it, for cash, if they choose to do so, even when the insured is not in a condition to insist upon a cash value, provided the insured desires cash, and can give a clear and valid surrender of the policy by himself and all beneficiaries mentioned therein.

Our practice is to buy Act of '80 policies, paying their legal cash value after two years, provided we can get a valid surrender by the insured and all beneficiaries mentioned in the policy, but we at all times, reserve the right to stand upon the conditions of the law, if any circumstance should seem to make it advisable for the company to do so. The values under the law under consideration, both in cash and paid up insurance, are endorsed on the back of our policy, and the printed matter in connection with the law itself, which is printed on the policy, plainly shows the rights of the insured and the rights of the company.

To two classes of policies issued by us, viz: 15 and 20 payment life policies, on all cash plan, we attach a rider, agreeing to pay the legal cash value at the end of 15 or 20 years from the date of

the policy, or on any anniversary thereafter; provided we can get a valid surrender of the policy, regardless of whether the insured has minor or dependent children or not. You of course know that under such a policy, it might occur that the insured could demand the cash value of his policy at any time *within* the 15 or 20 years; so that our voluntary agreement embodied in the rider mentioned, may be said to be a promise additional to the rights to which the law entitles him; and a waiver of a right which *might* exist at the end of these terms to decline to pay the cash value.

I enclose a copy of the rider referred to, and also the back of our policy form; these show just how this matter is set forth to our members.

Very respectfully yours,

(Signed) JOHN A. HALL,
Secretary."

The following is a true copy of the "*rider*" referred to in the letter of Secretary Hall, for a 15-annual payment life policy. The rider for a 20-annual payment Life policy is the same, except "twenty" is inserted in place of "fifteen."

"After the payment of fifteen annual premiums, wholly in cash, on this Policy No. ————, the cash surrender value of the Policy, (computed according to the method described in sections 162, 163 and 164 of chapter 119, of the Public Statutes of Massachusetts) will be paid on the fifteenth or any succeeding anniversary of the date of its issue, upon full surrender of the Policy to the company by all parties in interest."

Printed on the back of the policy to which this "*rider*" is attached, is the following:

"**Cash surrender values** can only be claimed when the insurable interest has terminated; see sections 164 and 165 of the law."

From The John Hancock Mutual Life Insurance Company.

"BOSTON, MASS., Sept. 14, 1885.

MERVIN TABOR, ESQ.,
Chicago, Ill.

Dear Sir.—Enclosed please find form of our policy contract, from which you will please observe that "the cash surrender values secured by law and those voluntarily offered by the company's indorsement of the same" are identical.

Very truly,

(Signed) S. H. RHODES,
Pres't."

On the back of the policy referred to is a table of cash, and paid up, values, over which is printed the following:

"The following table shows the amount of cash that can be realized on this policy at end of any year, provided the insurable interest as expressed in the statute (see above) has ceased; also, the amount of paid up insurance due at death (or if an endowment policy at end of endowment period) in case of non-payment of any premium."

From The Berkshire Life Insurance Company.

PITTSFIELD, MASS., Sept. 14, 1885.

MR. MERVIN TABOR,
State Actuary, &c.,
185 Dearborn St., Chicago, Ill.

Dear Sir.—In answer to your favor I would say that this office passes upon each application for surrender of policies, and determines as to what is necessary to secure for the company a good acquittance. Our counsel does not construe the act of 1880 as obliging the company to pay a cash surrender value if the insured has a minor or dependent child. The company has always endeavored to be liberal, in the construction of such laws as affect the interests of retiring members, but until the Act receives judicial construction by courts of competent jurisdiction, no claim as to its practice will be made in its behalf.

I am very respectfully,

(Signed) JAMES W. HULL,
Secretary.

Thus we have, in the foregoing correspondence, the full benefit of the construction of the present Non-forfeiture law of Massachusetts, by every Life Insurance Company affected by it. These companies have also given us, in an open, candid and frank manner, their practices under the law. They have not dodged a single point in our letter. They are evidently living up to not only the *letter*, but also the *spirit*, of the law; and, judging from this correspondence, we conclude that whenever a doubt arises as to the real meaning of the law they give their policy-holders the benefit of such doubt, if they can do so without involving themselves and consequently their membership —for they are all Mutual Companies— in legal complications that might possibly arise through the instrumentality of designing and unscrupulous parties.

The following *assumed* examples sufficiently illustrate the benefits of the law:

EXAMPLE 1.—AMOUNT OF POLICY, $10,000; AGE OF THE PERSON INSURED, 41; KIND OF POLICY, LIFE RATE ENDOWMENT REQUIRING AN ANNUAL PREMIUM OF $326.00,—*less the annual cash dividend*—, UNTIL THE INSURED SHALL ATTAIN THE AGE OF 76, AT WHICH TIME THE POLICY WILL BE PAID IN FULL AS AN ENDOWMENT; OR, AT DEATH, IF IT SOONER OCCUR.

Age at Issue, 41; *Age at Maturity*, 76; *Amount*, $10,000. *Annual Premium*, $326.00.

Year.	Cash-Surr. Value.	Paid-up Insurance.	Year.	Cash-Surr. Value.	Paid-up Insurance.
2d	$183.60	$ 430	19th	$3,903.90	$6,050
3d	363.70	830	20th	4,169.90	6,320
4th	549.00	1,230	21st	4,442.30	6,570
5th	739.50	1,610	22d	4,722.00	6,820
6th	934.50	1,990	23d	5,009.40	7,060
7th	1,134.30	2,350	24th	5,305.90	7,310
8th	1,338.60	2,710	25th	5,612.70	7,550
9th	1,547.40	3,050	26th	5,931.50	7,780
10th	1,761.10	3,390	27th	6,264.20	8,020
11th	1,979.40	3,720	28th	6,614.00	8,250
12th	2,202.30	4,040	29th	6,984.30	8,490
13th	2,430.30	4,350	30th	7,379.70	8,720
14th	2,662.30	4,650	31st	7,805.80	8,960
15th	2,899.80	4,950	32d	8,270.10	9,210
16th	3,142.30	5,240	33d	8,781.80	9,460
17th	3,390.70	5,520	34th	9,353.10	9,730
18th	3,644.20	5,790	35th	10,000.00	10,000

Note 1.—In 1883 this company ceased issuing policies payable only at death, or what are commonly called WHOLE LIFE POLICIES; and, instead, commenced issuing policies payable at death, or after a fixed number of years in case it should not occur sooner, charging precisely the same annual premiums, and called them **Life-Rate Endowments.** The reserve law of the State requires a larger reserve accumulation on this kind of a policy, and consequently, the cash surrender and paid-up values, from year to year, are considerably larger than those of a whole life policy issued at the same age and for the same amount of insurance, at the expense however of less dividends, in the same company.

Note 2.—In the cash surrender, and the paid-up insurance values as given above, it is assumed that all the cash dividends have been used in the reduction of premiums. The paid-up values are what the law guarantees absolutely. The cash values are guaranteed by law under certain conditions fully explained elsewhere.

EXAMPLE 2.—AMOUNT OF POLICY, $10,000; AGE OF THE PERSON INSURED, 35; KIND OF POLICY, 20-PAYMENT LIFE—*Special Contract*—REQUIRING THE PAYMENT OF ONLY 20 ANNUAL PREMIUMS OF $342, EACH.

Age at issue, 35 ; *Amount of Policy*, $10,000 ; *Policy payable at death.*

Year.	Paid-up Insurance.	Cash Surr. Value.	Year.	Paid-up Insurance.	Cash Surr. Value.
1st	$0,000	$0,000.00	21st	$10,000	$5,383.40
2d	663	236.20	22d	10,000	5,502.80
3d	1,192	434.00	23d	10,000	5,623.30
4th	1,717	639.60	24th	10,000	5,744.70
5th	2,240	853.60	25th	10,000	5,866.70
6th	2,760	1,076.30	26th	10,000	5,989.20
7th	3,276	1,308.00	27th	10,000	6.111.80
8th	3,790	1,549.20	28th	10,000	6,234.10
9th	4,300	1,799.90	29th	10,000	6,356.30
10th	4,806	2,060.10	30th	10,000	6,477.90
11th	5,309	2,329.90	31st	10 000	6,598.60
12th	5,806	2,609.30	32d	10,000	6,718.30
13th	6,301	2,898.80	33d	10,000	6,836.70
14th	6,794	3,199.20	34th	10,000	6,953.80
15th	7,285	3,510.70	35th	10,000	7,069.40
16th	7,775	3,834.30	36th	10,000	7,183.30
17th	8,267	4,170.50	37th	10,000	7,295.50
18th	8,761	4,520.40	38th	10,000	7,405.70
19th	9,258	4,884.60	39th	10,000	7,513.90
20th	10,000	5,264.90	40th	10,000	7,620.00

It will be observed that, at the end of the 20th year the policy is a paid-up for its full face value. No more payments are required. Assuming that the insured has lived through the twenty years and paid his premiums according to contract, *in cash*, he has paid the company 20 times $342, amounting to $6,840, *less the dividends*. Had he stopped paying premiums at any time after the first two years he would have had, then and there, without any act on his part, paid-up insurance for the amount indicated in the above table opposite the year in which payment of premiums was discontinued. The law of Massachusetts gives him that, and the company endorses it on every policy ! There are no exceptions ; the law is *absolute* and *unconditional* with reference to *paid-ups*, in all the Massachusetts companies, *after the first two years!* With reference to *cash* values the law is not so absolute in its requirements. It compels the payment of no cash values **except** *when the insured has no minor or dependent child.* If the insured have no minor or dependent child, and his wife, if he have one, and any living beneficiary or beneficiaries *named* in the policy shall join in the application for the cash surrender value, after the payment of two annual premiums, then the law *compels* the payment of the *cash surrender* value. But the Massachusetts *companies*, generally, are more liberal in this respect than the *law* is. In the above policy, for example, the company attaches what it terms a "*rider*," by which it guar-

antees to pay the cash surrender value on the *twentieth* or any succeeding anniversary of the date of its issue, upon the full surrender of the policy to the company by all parties in interest; —and, in the Secretary's letter published on a preceding page, he adds, with reference to 15 and 20 payment life policies, on all cash plan, "*regardless of whether the insured has minor or dependent children or not.*" This contract, therefore, is called a "*special contract*" because the company gives to the insured a more liberal contract with reference to cash surrender values than the law requires.

In computing the above values—Paid-up Insurance, and cash surrender—it is assumed that the cash dividends were applied, from year to year, during the premium paying period, 20 years, in payment of the premiums. If premiums were paid *in full*, leaving the dividends to accumulate in the hands of the company, at compound interest, the paid-up and cash surrender values would be very much larger than those named in the above table. The fact should not be overlooked that, on this kind of a policy the cash dividends *continue through life*, although no payment of premiums is required after the first 20 years. These will be a constant source of income during the balance of life. The amount of this annual income will depend, of course, principally, upon the rate of interest realized on the reserves.

EXAMPLE 3.—AMOUNT OF POLICY $10,000; AGE OF THE PERSON INSURED, 39; KIND OF POLICY, 36-YEAR ENDOWMEMT REQUIRING THIRTY-SIX ANNUAL PAYMENTS OF $324.60, EACH.

Age at Issue, 39; *Amount of Policy*, $10,000; *Age of Maturity*, 75.

YEAR.	Paid-up Insurance.	Cash surr. Value.	YEAR.	Paid-up Insurance	Cash Surr. Value.
1st	$000	$000.00	19th	$5,953	$3,706.80
2d	405	165.50	20th	6,211	3,963.20
3d	793	332.00	21st	6,464	4,226.30
4th	1,477	505.40	22d	6,712	4,496.50
5th	1,554	684.00	23d	6,954	4,774.20
6th	1,922	867.50	24th	7,192	5,060.40
7th	2,284	1,057.00	25th	7,426	5,355.60
8th	2,635	1,250.50	26th	7,657	5,661.50
9th	2,978	1,449.00	27th	7,885	5,979.60
10th	3,312	1,652.10	28th	8,112	6,312.00
11th	3,637	1,860.10	29th	8,338	6,660.90
12th	3,953	2,073.10	30th	8,565	7,030.10
13th	4,261	2,290.80	31st	8,793	7,423.70
14th	4,562	2,513.60	32d	9,023	7,846.90
15th	4,854	2,741.20	33d	9,258	8 306.30
16th	5,139	2,974.40	34th	9,498	8,810.40
17th	5,417	3,212.70	35th	9,745	9,370.30
18th	5,688	3,456.70	36th	10,000	10,000.00

The same general principles apply to this form of policy as to all others issued under the Massachusetts law.

EXAMPLE 4.—AMOUNT OF POLICY, $10,000; AGE OF THE INSURED, 30; KIND OF POLICY, 10-YEAR ENDOWMENT REQUIRING THE PAYMENT OF TEN ANNUAL PREMIUMS OF $1,056.60, EACH.

Age at issue, 30; *amount of policy*, 10,000; *age at maturity*, 40.

Year.	Paid up Insurance.	Cash surr. value.	Year.	Paid up Insurance.	Cash surr. value.
1st	$0,000.00	$0,000.00	6th	$6,321.20	$5,416.10
2d	2,195.30	1,621.50	7th	7,281.90	6,481.20
3d	3,270.00	2,505.20	8th	8,215.00	7,598.20
4th	4,315.60	3,430.60	9th	9,120.80	8,770.00
5th	5,332.70	4,400.02	10th	10,000.00	10,000.00

Example 4 is to illustrate the Non-Forfeiture law of Massachusetts with reference to a 10-year Endowment policy. The above paid up and cash surrender values are on the basis that the cash dividends are all used during the ten years in payment of premiums. If the dividends were left with the company to be compounded at the average rate of interest realized by the company, these values would be much larger. The law is *self-acting*. Two annual premiums paid, in cash, and no more attention paid to the policy by the insured, he would henceforth be insured for $2,195.30 until the end of the endowment period, when, if then living, he would receive this amount in cash. If death occurred prior to the expiration of the endowment period his heirs would receive the $2,195.30! The cash surrender value from year to year is what he would be entitled to upon *legal* surrender of the policy.

EXAMPLE 5.—AMOUNT OF POLICY, $10,000; AGE OF THE PERSON INSURED, 40; KIND OF POLICY, 25-YEAR ENDOWMENT REQUIRING TWENTY-FIVE ANNUAL PAYMENTS OF $404 30, EACH.

On the back of a policy of this kind, for the amount named, and issued on a life at age 40, one of the Massachusetts companies places the following certificate:

"POLICY NO. ....."

"The ..... company of ....., Massachusetts, hereby agrees to give, in accordance with the provisions of the law of 1880, Pub. Stats. Ch. 119, Secs. 159–166, to the within named ..... on any anniversary of this policy after the end of *two* full years from the

date thereof the cash surrender, or paid up values herein below stated, any indebtedness to the company on account of this policy being first deducted therefrom."

Cash.		Paid up.
$379.10	After 2 { Annual Premiums have been paid wholly in cash.	$785.10
636.60	" 3 "	1,281.60
904.20	" 4 "	1,769.20
1,181.14	" 5 "	2,246.20
1,469.40	" 6 "	2,713.90
1,767.50	" 7 "	3,170.90
2,076.00	" 8 "	3,617.10
2,395.50	" 9 "	4,052.90
2,726.80	" 10 "	4,478.80
3,070.60	" 11 "	4,895.50
3,427.00	" 12 "	5,302.10
3,798.50	" 13 "	5,701.70
4,184.70	" 14 "	6,092.40
4,587.20	" 15 "	6,475.20
5,007.50	" 16 "	6,850.80
5,447.30	" 17 "	7,219.80
5,908.60	" 18 "	7,582.60
6,393.70	" 19 "	7,939.90
6,905.50	" 20 "	8,292.50
7,446.70	" 21 "	8,640.20
8,021.60	" 22 "	8,984.30
8,634.80	" 23 "	9,325.30
9,291.90	" 24 "	9,663.60
10,000.60	" 25 "	10,000.00

Signed. .....,

Secretary.

CHAPTER VIII.

CLASS B.—NON-FORFEITURE LAW OF MAINE.—EXAMPLE.—NON-FORFEITURE LAW OF MICHIGAN.—EXAMPLES OF POLICIES ISSUED BY DIFFERENT COMPANIES IN CLASS B.

B. CLASS.

Into this class are grouped all Life Insurance Companies doing business on the Level Premium plan, that are operating under the Non-forfeiture laws of their respective States—except Massachusetts—and also those companies, their States having no Non-forfeiture laws, that have adopted, voluntarily, Non-forfeiting forms of policies by which the reserves of their policy-holders are either partially or wholly protected after two or three *annual* premiums have been paid.

The Non-forfeiture Law of Maine.—Only one company is doing business under this law, and, in several respects, the *company* is issuing more liberal forms of policies than the *law* requires. The law is as follows:

"SECTION I.—Every policy of life Insurance issued on and after the first day of April, in the year of our Lord one thousand eight hundred and seventy-seven, by any company chartered by the authority of this State, which may be forfeited for non-payment of premiums, including all notes given for premiums or interest thereon after it shall have been in force three full years, and which shall not contain provision for a surrender value at least equivalent to the value arising under the terms of this Act, shall, nevertheless, be continued in force to an extent and for a period of time to be determined as follows, to wit: The net value of the policy, when the premium becomes due and is not paid, shall be ascertained according to the combined experience or actuaries' rate of mortality, with interest at four per centum per annum. After deducting from three-fourths of such net value any indebtedness to the Company, or notes held by the Company against the insured (which notes, if given for premium, shall then be cancelled), what remains shall be considered as a net single premium of temporary insurance ; and the term for which it will insure shall be determined according to the age of the party at the time of the lapse of the policy, and the assumptions of mortality and interest aforesaid; but if the policy shall be an endowment payable at a certain time, or at death if it shall previously occur, then, if what remains as aforesaid shall exceed the net single premium of temporary insurance for the balance of the endowment term for the full amount of the policy, such excess

shall be considered as a net single premium or simple endowment, payable only at the same time as the original endowment, and in case the life insured survives to such time; and the amount thus payable by the Company shall be determined according to the age of the party at the time of the lapse of the policy, and the assumptions of morality and interest aforesaid."

"SECT. 2.—If the death of the life insured occur within the term of temporary insurance covered by the value of the policy as determined in the previous section, and if no condition of the insurance other than the payment of premium has been violated by the insured, the Company shall be bound to pay the amount of the policy the same as if there had been no lapse of premium, anything in the policy to the contrary notwithstanding; *provided*, however, that notice of the claim, and proof of the death, shall be submitted to the Company, in the same manner as provided by the terms of the policy, within ninety days after the decease; and, *provided*, that the Company shall have the right to deduct from the amount insured in the policy the amount, compounded at seven per centum per annum, of all the premiums that had been forborne at the time of the death, including the whole of the year's premium in which the death occurs."

ADDITIONAL BENEFITS GIVEN BY THE COMPANY.—Instead of deducting one-fourth of said net value to obtain said net single premium, there shall be deducted the present value of the differences between the future premiums named in the policy and the future net premiums on said policy ascertained according to the rates of mortality and interest aforesaid; which present value, in no event, however, shall exceed one-fourth of said net value:

And the ordinary *life* premium, not, however, to exceed five in number at age of issue, viz., $22.70 at age 30 for each $1,000 insured, shall be deducted from the policy, if it becomes a claim, as provided in the law, instead of the larger premium named in the policy:

The proof of death may be filed in all cases within one year after such death, instead of within ninety days as provided in the law:

So that, if no condition of the policy other than the payment of premiums is violated, the results named in the statement on the third page hereof— reference being made to the policy— shall be secured to the beneficiary, *provided* all premiums paid on this policy have been fully paid in cash; but, if there remains any note or other indebtedness against this policy at the date of lapse, it will be deducted according to the provisions of the Maine Non-forfeiture law.

EXAMPLE ILLUSTRATING THE MAINE NON-FORFEITURE LAW AND THE ADDITIONAL BENEFITS GIVEN BY THE COMPANY.

POLICY, $1,000; AGE OF THE PARTY INSURED, 30; KIND OF POLICY, 10 YEAR ENDOWMENT, REQUIRING TEN ANNUAL PAYMENTS OF $104.58, EACH.

If the party insured were to pay, under the above policy, *three* annual premiums, and then quit paying, giving no more attention

to the policy whatever, or to notices that might be sent him that his fourth payment would be due at a certain date, the three premiums paid would, notwithstanding, carry him *seven years longer*, making 10 years insurance; and, if living at the end of the seven years the company would pay him $188.13 in cash!

FOUR annual premiums paid would carry him *six* years longer, and give him at the end of the six years—if living—$280.34!

FIVE annual premiums paid would carry him *five* years longer, and, if living at the end of the five years, he would receive $392.63 in cash!

EIGHT annual premiums paid would carry him *two* years longer, and, if living at the end of the two years, he would receive $774.68 in cash.

NINE annual premiums paid would carry him *one* year longer, and, if then living, the company would pay him $890.12 in cash!

IF DEATH WERE TO OCCUR, the first year after lapse, the company would pay $975.71; if the second year, $949.72; if the third year, $921.91; if the fourth year year, $892.14; if the fifth year, $860.32—provided the policy had been in force at least three years before lapsing, and provided, also, that death occur *within the period of extended insurance.*

A different age, or kind of policy, or any change whatever from the above would change all the results.

The Non-Forfeiture Law of Michigan, *as amended*, in 1881:

SEC. 17. No policy of insurance on life, issued after this act shall take effect, by any company organized under the laws of this State, shall be forfeited or become void by the non-payment of any premium thereon, after the third, any further than as follows: The net value of the policy when the premium becomes due and is not paid, shall be ascertained according to the "American experience Table" rate of mortality with interest at four per centum per annum.

A surrender charge shall be first deducted from such net value on the following basis, to wit: From policies that have paid three full years' premiums, forty (40) per cent.; from policies that have paid four full years' premiums, thirty six (36) per cent.; from policies that have paid five full years' premiums, thirty-two (32) per cent., and so on in like manner, decreasing the discount four (4) per centum for each full years' premium paid, until the discount is exhausted, when no surrender charge shall be made.

After deducting the surrender charge from the net value, the remainder shall be considered a net single premium of whole life *non-participating insurance* and the amount it will insure shall be determined according to the age of the party at the time when the unpaid premium became due and the assumptions aforesaid in regard to rate of interest and table of mortality.

In case of any indebtedness on any policy, such indebtedness shall be first deducted from the net value remaining, after deducting the discount, and the remainder, if any, shall be used as the net single premium as aforesaid.

The following table illustrates the workings of the Michigan Non-Forfeiture law as applied to an **Ordinary Life Policy** issued at age 40, for $10,000 insurance:

Annual premiums, less the dividends, paid in cash.	Secures to the insured	A paid-up for
3	"	$641.90
4	"	906.90
5	"	1,195.30
6	"	1,506.90
7	"	1,840.90
8	"	2,194.90
9	"	2,570.60
10	"	2,961.70
11	"	3.371.80
12	"	3,799.10
13	"	4,239.00
14	"	4,510.40
15	"	4,776.50
16	"	5,032.60
17	"	5,278.50
18	"	5,517.10
19	"	5,748.70
20	"	5,970.10
25	"	6,947.70
30	"	7,728.60
35	"	8,335.20
40	"	8,825.80

No surrender of the policy is necessary to secure these paid-ups; the original policy itself becomes a paid-up, in the event of lapse, without further negotiations.

There is only ONE COMPANY, at present, doing business under **The Non-Forfeiture law of Michigan.** In addition to the Ordinary Life Policy, this company issues all the usual forms of policies, including Limited Payment Life, Ordinary Endowment, Limited Payment Endowment, Semi-Endowment, etc., etc.

The following is an illustration of the advantages offered under the Ordinary Endowment Policy:

AMOUNT OF POLICY, $10,000; AGE, 40; KIND OF POLICY, 35-YEAR ENDOWMENT, REQUIRING THIRTY FIVE ANNUAL PAYMENTS OF $312.40 EACH.

On the back of every policy, as above described, is printed in FULL FACE type, the following:

"IT IS HEREBY AGREED, that on the surrender of this policy, duly receipted by the insured and beneficiaries, the (*here is inserted the name of the company*) will, at the end of the third or any subsequent year, **pay in cash** the surrender value specified in the following table:

At end of	3d	year,	at least	$ 364.90
"	4th	"	"	503.20
"	5th	"	"	649.90
"	6th	"	"	805.40
"	7th	"	"	969.50
"	8th	"	"	1,142.50
"	9th	"	"	1,324.10
"	10th	"	"	1,514.60
"	11th	"	"	1.713.50
"	12th	"	"	1,921.10
"	13th	"	"	2,137.00
"	14th	"	"	2,361.70
"	15th	"	"	2,594.70
"	16th	"	"	2,836.10
"	17th	"	"	3,085.70
"	18th	"	"	3,344.20
"	19th	"	"	3,610.60
"	20th	"	"	3,886.00
"	21st	"	"	4,170.80
"	22d	"	"	4,464.40
"	23d	"	"	4,767.90
"	24th	"	"	5,081.70
"	25th	"	"	5,407.20
"	26th	"	"	5,746.40
"	27th	"	"	6,100.60
"	28th	"	"	6,470.90
"	29th	"	"	6,861.70
"	30th	"	"	7,276.70
"	31st	"	"	7,721.80
"	32d	"	"	8,205.70
"	33d	"	"	8,736.90
"	34th	"	"	9,328.70
"	35th	"	"	10,000.00."

There is a *very remarkable* definiteness to the above contract. **"On the surrender of this policy, duly receipted by the insured and beneficiaries"**—*any time*—not within six or twelve months, but *whenever* the policy is duly surrendered and receipted, the *cash* will be paid according to the table above. The reader will also notice, in the table the expression, "*at least.*" The cash values *named* are those agreed to be paid when all dividends have been used in payment of premiums. If dividends are left to *accumulate*, the cash surrender values are *larger* than the amounts named in the table.

The following *assumed* examples will sufficiently illustrate the character of policies issued by one of the most prominent companies of class B:

EXAMPLE 1.—AMOUNT OF POLICY, $10,000; AGE OF THE INSURED, 36; KIND OF POLICY, ORDINARY LIFE, REQUIRING THE ANNUAL PAYMENT OF $268.60, DURING LIFE.

Age at issue, 36; *Amount of policy*, $10,000; *Annual premium*, $268.60.

End of Pol. year.	Extended Insurance.		Age at nearest birth-day.	Paid-up Insurance.	Reserve Accumulations.
	Years.	Days.			
1st	00	00	37	$ 000	$ 112.57
2d	2	54	38	550	229.27
3d	3	96	39	830	350.08
4th	4	143	40	1,100	475.21
5th	5	187	41	1,380	604.63
6th	6	217	42	1,650	738.56
7th	7	224	43	1,920	877.00
8th	8	198	44	2,190	1,020.06
9th	9	134	45	2,460	1,167.65
10th	10	32	46	2,720	1,319.89
15th	12	75	51	3,980	2,145.53
20th	12	187	56	5,110	3,059.30
25th	11	277	61	6,080	4,028.29
30th	10	174	66	6,900	5,009.32

NOTE 1.—The above "extended insurance" and "paid-up insurance values" are conditioned on the payment of every year's premium *in cash* less the dividend. If the premium be paid in full every year, leaving the annual cash dividends to accumulate at compound interest in the hands of the company; or, if the cash dividend be used in purchasing additional insurance, in either case the above values will be very materially increased. On the other hand, if the insured do not pay the premiums wholly in cash, but partly by *note*, then these values will be *less* than those stated in the above table.

NOTE 2.—The company that issues the above form of policy says in its annual report, 1885, page 15, "The failure to pay a premium on time does not interrupt the insurance, which will be continued in full force *as long as* **the value** *of the policy will pay for.*" The "*value of the policy*" referred to is found in the column of RESERVE ACCUMULATIONS, above. At the end of the second year it is $229.27, and, if at that time the insured does not pay his *third* annual premium, the insurance for $10,000—full face of policy—*goes right along* and will continue to do so for two years and 54 days! If, within a reasonable length of time he concludes that he rather have a paid-up policy for $550 of insurance, extending over the whole of life, payable at any time to his estate or some beneficiary named, at death, whenever it may occur, such a paid-up policy will be issued upon legal surrender of the *original* policy. It will be observed that the insured receives the *extended insurance*, WITHOUT FURTHER

NEGOTIATIONS OR STIPULATIONS; but, if the corresponding paid-up is desired, instead, it must be applied for, *within three months after the lapse of policy.*

NOTE 3.—It is this company's practice to loan to its policy holders, if desired, at six per cent. per annum, one-half of their accumulated reserves. In the above example, the loan would be one-half the amount of the reserve accumulations—including the amount of notes, if any, held by it against the insured—as shown in the right hand column in the above table. For example, at the end of the eighth year, the company would loan him $510.03; at the end of the twentieth year, $1,529.65, and similarly with reference to any other year.

EXAMPLE 2.—AMOUNT OF POLICY, $10,000; AGE OF THE INSURED, 30; KIND OF POLICY, 20-YEAR ENDOWMENT REQUIRING TWENTY ANNUAL PAYMENTS OF $484.80, EACH.

Age at issue, 30; *amount of policy*, $10,000; *Endowment, maturing at* 50.

End of year.	Extended Insurance.		Cash payable at end of Endowment if the insured lives.	Age.	Paid-up Insurance.	Reserve Accumulations.
	Years.	Days.				
1st	00	000	$000	31	$000	$310.83
2d	7	147	000	32	1,080	636.05
3d	11	266	000	33	1,620	976.30
4th	16	000	30	34	2,140	1,332.26
5th	15	000	800	35	2,660	1,704.77
6th	14	000	1,580	36	3,170	2,094.72
7th	13	000	2,320	37	3,680	2,502.84
8th	12	000	3,030	38	4,180	2,930.15
9th	11	000	3,720	39	4,670	3,377.53
10th	10	000	4,280	40	5,150	3,846.11
11th	9	000	5,000	41	5,620	4,336.96
12th	8	000	5,590	42	6,090	4,851.39
13th	7	000	6,160	43	6,540	5,390.67
14th	6	000	6,710	44	6,990	5,956.25
15th	5	000	7,230	45	7,430	6,549.61
16th	4	000	7,820	46	7,950	7,172.51
17th	3	000	8,380	47	8,460	7,826.76
18th	2	000	8,940	48	8,970	8,514.48
19th	1	000	9,470	49	9,490	9,238.00
20th	0	000	10,000	50	10,000	10,000.00

NOTE 1.—The above example, being an endowment policy, differs somewhat from a life policy in the *extended* insurance. For example, at the end of the sixth year, if the premium were not paid, the value of the policy—right hand column—is $2,094.72. This value if all applied in the purchase of extended insurance

would carry the original policy far beyond the limits of the endowment, so that enough of it is applied to carry the policy to the end of the endowment period—14 years longer—and the balance is used in the purchase of what is called "*pure*" endowment payable at the end of the twenty years, *in cash*. If the party, therefore, insured as above, lets his policy lapse at the end of the sixth year, the value of the policy carries it through the term, and, if *then living to receive it*, he is paid $1,580, *in cash!* If, within three months after his policy lapses, he prefers a paid-up policy instead of the extended insurance and the $1,580 in cash, as explained, he can surrender the original policy, and the company will issue a paid-up for $3,170, payable at death or at the end of the original endowment period when he shall attain the age of 50.

The same *general* remarks made with reference to the other example are applicable to this. This Company issues all the usual forms of policies, life, limited-payment life, endowment, limited-payment endowment, etc., etc., and they are all non-forfeitable after *two* years, and incontestable except for fraud after *three* years.

Renewable Term Insurance.—Only one company issues this kind of policy. This form of policy was first introduced in 1868. It is copyrighted. FIRST POLICIES under this system are issued only to sound and healthy persons between the ages of **16** and **60** years, and for a term of **ten years** from date of issue. In case a renewal of the term is desired, the policy must be returned to the officers of the company for this purpose "*before its expiration*, when a new or renewal policy of similar form will be issued in exchange, dated at the expiration of the previous one. All renewable term policies will be written for a term of *ten years*, except that when the term expires at and after the age of *seventy*, the policy then issued will be written for the remainder of life and not be subject to any further change. The entire surplus under each policy will be accumulated in the hands of the company, and applied toward maintaining the premiums at the rate originally charged. If, at the expiration of any term, the surplus arising under each policy, together with the original rate, shall not be sufficient to continue the insurance for the full amount, it shall be optional with the insured to pay the rate required for the age then attained, after such surplus has been applied, or to reduce the amount of the insurance and continue previous payments. No medical examination of the insured will be required in case of renewal, at the end of any term, or in exchange for another form of policy for the same amount of insurance. At the end of three years a paid-up will be given, if desired, or two-thirds of the net value of the policy and accumulated surplus will be paid *in cash;* provided, in either case, the policy be surrendered to the company, and the paid-up policy

or cash payment applied for within twelve months from its date of expiration. If the insured shall have attained the age of **seventy**, the **entire** accumulations will be paid in cash, or a paid-up policy issued as above provided. No policy will be issued on this plan, calling for any payment (annual, semi-annual or quarterly) of less than fifteen dollars. Female risks are taken under this form of policy—for $5 per each $1,000 of insurance, extra, under the age of 55.

IT IS CLAIMED BY THE COMPANY THAT ALL CONTRACTS, UNDER THIS FORM OF INSURANCE, FOR THE FIRST 10 YEARS, OWING TO THE DIVIDEND ACCUMULATION ON THE SAME, HAVE BEEN CONTINUED DURING THE SECOND TEN YEARS AT THE SAME RATE OF PREMIUMS, NOTWITHSTANDING INCREASE OF AGE!! The following are the

Rates to insure $1,000.

Age.	Annual premium.	Annual premium.	Age.
16 to 20	$11.09	$21.91	41
21	11.37	22.86	42
22	11.66	23.88	43
23	11.97	24.97	44
24	12.29	26.14	45
25	12.64	27.39	46
26	13.00	28.71	47
27	13.38	30.10	48
28	13.79	31.59	49
29	14.21	33.17	50
30	14.67	34.84	51
31	15.14	36.62	52
32	15.65	38.51	53
33	16.19	40.52	54
34	16.75	42.66	55
35	17.36	44.94	56
36	18.00	47.36	57
37	18.68	49.94	58
38	19.41	52.70	59
39	20.19	55.64	60
40	21.02		

NOTE.—A person insuring on the above plan, at age 40, for instance, would pay on a policy of $10,000, $210.20 each year during the first ten years. If he were to die during the time, the company would pay to the beneficiary named in the policy, $10,000 in cash. If the insured, toward the close of the first ten years, should decide to renew the contract, he must notify the company to that effect, returning to its officers the original policy *before* the expiration of the term. The company would then act upon his application, as fully stated above.

The following table shows the results of Renewable Term Policies for $1,000, issued at different ages in the year 1872, these results being calculated for 1882, or at the expiration of the tenth policy year. These figures are not to be considered as a guarantee for the future, but simply an illustration of the experience of the Company under this plan of insurance.

The premiums on policies on this plan, issued in the years 1868, 1869, 1870, 1871 and 1872, have not been increased for the second term of ten years.

Age.	Premiums paid.	Total Accumulations.	Two-Thirds Accumulations.	Paid-up Value.	Age.
20	$110.90	$35.21	$23.47	$115.00	20
25	126.40	45.86	30.57	135.00	25
30	146.70	59.85	39.90	157.00	30
35	173.60	78.86	52.57	184.00	35
40	210.20	101.36	67.57	210.00	40
45	261.40	124.29	82 86	231.00	45
50	331.70	148.20	98 80	247 00	50
55	426.60	171.90	114.60	260.00	55
60	556.40	190.47	126.98	265.00	60

CHAPTER IX.

CLASS C.—THE NEW YORK INSURANCE LAW.—THREE EXAMPLES OF MATURED ENDOWMENTS.—A REMARKABLE LIFE INSURANCE LAW.—EXAMPLE IN ILLUSTRATION.—ASSUMED EXAMPLE OF A TONTINE POLICY.—ACTUAL EXAMPLES OF MATURED TONTINE POLICIES.—A LIST OF LEVEL PREMIUM COMPANIES.

C CLASS.

This class embraces all companies doing business under the Level Premium System, whose policies, in the main, are *not* Non-Forfeitable; that is to say, their policy-holders have *to do something*, WITHIN A SPECIFIED TIME, if payment of premiums be discontinued after the first two or three years, to protect their equities in the reserve and surplus accumulations on the ordinary forms of policies. It includes the great Tontine Companies, and companies generally who issue policies in which the Tontine element predominates to a greater or less extent. **Investment combined with Cheap Life Insurance** is a prominent idea with the companies in this class.

The dividends paid by the leading companies of this class, with rare exceptions, if any, on the same kind of policies—other things being equal—, are larger than those paid by leading companies in the other classes, because their policies **are forfeitable**; and, generally, any grade of companies in this class can pay larger dividends than can the same grade of companies in the other classes, for the *same reason*. Every policy-holder insured in this class of companies *must attend to the prompt payment of his premium*, ON OR BEFORE 12 O'CLOCK NOON, of the day when it becomes due, or he will be liable to a greater or less loss, according to the kind and amount of his policy, and the length of time it has been in force!

THE NEW YORK LIFE INSURANCE LAW.—On the second of May, 1879, the Legislature of the State of New York passed what has been called, in some of our insurance literature, "*The non-forfeiture law of New York.*" The following is the law, and we have italicised such clauses as serve to make it *wholly useless* as a **non-forfeiture act.**

"SECTION 1.—Whenever any policy of life insurance hereafter issued by any company organized or incorporated under the laws

of this State, after being in force three full years, shall by its terms lapse or become forfeited for the non-payment of any premium, or of any note given for a premium, or loan made in cash on the policy as security, or of any interest on such note or loan, *unless the provisions of this act are specifically waived in the application, and notice of such waiver written in red ink on the margin of the face of the policy when issued*, the reserve on such policy, including dividend additions, calculated at the date of the failure to make any of the payments above described, according to the American Experience Table of Mortality, and with interest at the rate of four and a half per cent. per annum, after deducting any indebtedness of the insured on account of any annual, semi-annual or quarterly premium then due; and any loan in cash on such policy, evidence of which is acknowledged by the insured in writing, *shall, on demand made, with surrender of the policy within six months after such lapse*, be taken as a single premium of life insurance at the published rates of the company at the time the policy was issued, and shall be applied, as shall have been agreed in the application and policy, either to continue the insurance of the policy in force at its full amount, so long as such single premium will purchase temporary insurance for that amount, at the age of the insured at the time of lapse, or to purchase upon the same life, at the same age, paid-up insurance payable at the same time, and under the same conditions except as to payment of premiums, as the original policy. Provided, that if no such agreement be expressed in the application and policy, the said single premium may be applied in either of the modes above specified, at the option of the owner of the policy; *notice of such option to be contained in the demand hereinbefore required to be made to prevent the forfeiture of the policy.* Provided, also, that the net value of the insurance given for such single premium under this section, computed by the standard of this State, shall in no case be less than two-thirds of the entire reserve after deducting the indebtedness as specified; but such insurance shall not participate in the profits of the company.

"SEC 2.—If the reserve upon any endowment policy, applied according to the preceding section as a single premium of temporary insurance, be more than sufficient to continue the insurance to the end of the endowment term named in the policy, and if the insured survive the term, the excess shall be paid in cash at the end of such term, on the conditions on which the original policy was issued.

"SEC. 3.—This act shall take effect on the first day of January, 1880."

The following are examples of policies issued by one of the most prominent companies of the **C. class.** The results speak for themselves:

POLICY NO. 49,138; AMOUNT, $2,000; DATE, JULY 11, 1866; AGE, 26; KIND OF POLICY, 19-YEAR ENDOWMENT REQUIRING NINETEEN ANNUAL PAYMENTS OF $93.84, EACH.

The Company paid, July 11, 1885	$2,000.00
And dividend additions	758.90
Total paid by Company	2,758.90

The insured paid $93.84 per year for 19 years—of which $86.05 per annum was made to earn, by the Company, five per cent. compound interest, principle and interest amounting to exactly $2,759.68, a trifle more than the sum paid on maturity of endowment. The difference between $93.84 and $86.05, which is $7.79, was the annual cost of the insurance!

(The above premium was paid in two equal semi-annual payments of $46.92, each.

POLICY No. 99,074; AMOUNT, $3,000; DATE, JUNE 28, 1869; AGE, 25; KIND OF POLICY, 15-YEAR ENDOWMENT REQUIRING FIFTEEN ANNUAL PAYMENTS OF $198.06, EACH.

The company paid, June 28, 1884	$3,000.00
And dividend additions	1,030.32
Total paid by company	$4,030.32

The insured paid $198.06 per year for 15 years—of which $177.90 per annum was made to earn, by the company, five per cent. compound interest, principle and interest amounting to $4,030.77, a few cents more than the sum paid on maturity of endowment. The difference between $198.06 and $177.90, which is $20.16, was the annual cost of the insurance!

POLICY No. 156,482; AMOUNT, $5,000; DATE, MAY 6, 1874; AGE, 25; KIND OF POLICY, 10-YEAR ENDOWMENT REQUIRING TEN ANNUAL PAYMENTS OF $540.40, EACH.

The Company paid, May 6, 1884	$5,000.00
And dividend additions	1,066.55
Total paid by Company	$6,066.55

The insured paid $540.40 per annum for 10 years, of which $459.36 per annum was made to earn, by the Company, five per cent. compound interest, principle and interest amounting to exactly $6066.66, a trifle more than the sum paid on maturity of the endowment. The difference between $540.40 and $459.36, which is $81.04, was the annual cost of the insurance!

(The above premium was paid in two equal semi-annual payments of $270.20 each.

A very remarkable Life Insurance Law.—In 1868 a very remarkable statute was enacted by the Legislature of Iowa, intended as a complete protection of the reserves of policy holders who insure in companies organized under it, against the possible dishonesty and mal-feasance of Life Insurance officials. The law is as follows:

SEC. 1169, chap. 5, of the Laws of Iowa (code of 1873).—"As soon as practicable after the filing of said statement of any company organized or doing business under the laws of this State, in the office of the Auditor of State, he shall proceed to ascertain the net cash value of each policy in force, upon the basis of the American Experience Table of Mortality, and four and a-half

per cent. interest, or the Actuaries' Combined Experience Table of Mortality, with interest at four per cent. * * * For the purpose of making such valuations, when not already made as aforesaid, the auditor may employ a competent actuary to do the same, who shall be paid by the company for which the service was rendered; but nothing herein shall prevent any company from making said valuation herein contemplated, which shall be received by the auditor upon such proof as he may determine. Upon ascertaining the net cash value of policies in force in any company organized under the laws of this State, or doing business in this State, and which has not made the deposit required in Section 1164 of this chapter"—(refers to the requirements of the States under whose laws the foreign companies were incorporated) -"the auditor shall notify said company of the amount, and within thirty days after the date of such notification the officers of such company shall deposit with the auditor the amount of such ascertained valuation of all policies within this State in the securities described in section 1179 of this chapter."

RESERVE DEPOSIT feature of the foregoing law; to illlustrate this we give the following example of a policy in force:

POLICY, No. 1857; AMOUNT, $3,000; AGE, 18; DATE OF POLICY, MARCH 14, 1874; KIND OF POLICY, ORDINARY LIFE REQUIRING THE PAYMENT OF $26.78, SEMI-ANNUALLY, DURING LIFE.

On this policy the dividends have been applied to the purchase of paid-up additions.

Dividend, 1875, end 1st year, 19.9 per cent. of annual premium	$10.68
Paid-up addition to policy	40.52
Dividend, 1876, end 2d year, 25.5 per cent. of annual premium	$13.71
Paid-up addition to policy	51.82
Dividend, 1877, end 3d year, 26.3 per cent. of annual premium	$14.12
Paid-up addition to policy	52.38
Dividend, 1878, end 4th year, 27.9 per cent. of annual premium	$14.98
Paid-up addition to policy	54.52
Dividend, 1879, end 5th year, 29.9 per cent. of annual premium	$16.06
Paid-up addition to policy	57.35
Dividend, 1880, end 6th year, 30.8 per cent. of annual premium	$16.54
Paid-up addition to policy	57.90
Dividend, 1881, end 7th year, 32.8 per cent. of annual premium	$17.60
Paid-up addition to policy	60.45
Dividend, 1882, end 8th year, 34.6 per cent. of annual premium	$18.55
Paid-up addition to policy	62.55
Dividend, 1883, end 9th year, 36 per cent. of annual premium	$19.50
Paid-up addition to policy	64.35

Dividend, 1884, end 10th year, 37.9 per cent. of annual premium	$20.35
Paid-up addition to policy	65.70
Dividend, 1885, end 11th year, 40 per cent. of annual premium	$21.46
Paid-up addition to policy	68.00
Total additions in 11 years	$635.54
Total premiums paid in 11 years	589.16
Excess of additions over premiums paid	$46.38

Remark—At the end of the 11th policy year the reserve of policy and additions, according to the Actuaries' Table, and 4 % interest, the standard required by the State, amounted to $415.94! This amount, according to the preceding law, is now deposited in the office of the State Auditor, in securities prescribed by legislative enactment.

The following is an *assumed* example of a Tontine policy, with ordinary life premium rate:

AMOUNT OF POLICY, $10,000; ANNUAL PREMIUM, $226.30; AGE AT ISSUE, 30; KIND OF POLICY, ORDINARY LIFE; TONTINE PERIOD, 20 YEARS.

Year.	Annual Premium.	Reserve at 4 per cent. Actuaries.	Year.	Annual Premium.	Reserve at 4 per cent. Actuaries.
1st	$ 226.30	$ 93.07	11th	$ 226.30	$1,207.70
2d	226.30	189.14	12th	226.30	1,340 62
3d	226.30	288.28	13th	226.30	1,477.91
4th	226.30	390.60	14th	226.30	1,619.25
5th	226.30	496.29	15th	226.30	1,764.19
6th	226.30	605.40	16th	226.30	1,912.50
7th	226.30	718.04	17th	226.30	2,063.61
8th	226.30	834.53	18th	226.30	2,217.47
9th	226.30	954.81	19th	226.30	2,373.88
10th	226.30	1,079.13	20th	226.30	2,532.94

Let it be assumed that a person at age 30 has under consideration the investment in such a policy as above described, and that he is quite favorably inclined to close the contract. Before doing so, however, he should be quite sure that he understands it. What does the *insured*, under the contract, promise to do? The contract lived up to on the part of the insured, what does the *company* promise to do? The insured promises to pay to the company $226.30, every year, during his natural life, and to live up to all the other requirements of the policy contract as to occupation, residence, habits, etc., etc., and the company agrees to pay $10,000, in cash, soon after his death, to the beneficiary or beneficiaries named in the policy. It is a simple, straight, Ordinary Life Policy contract—*with this addition*:

During the first twenty years the insured agrees to pay the $226.30 per year, *in full*. He is to receive no dividends during that period. He is not only to *receive* no dividends, but *no dividends are to be placed to his credit* during that time. If he die during the twenty years, the company agrees to pay the face value of the policy, *only*. If the insured live only one single day less than the entire twenty years from date of policy, having paid twenty full annual premiums, in cash, only the face value of the policy will be paid. He must not only *pay twenty annual premiums* but he must also *live twenty entire* years, from date of contract, and fulfill all the other conditions of the policy contract, before he will be entitled to any dividends, *whatever*. **This twenty years** is called **The Tontine Period**.

During the **Tontine Period**, all the dividends that he *might* have received, and used, in annual reduction of premiums, had the policy *not been* a Tontine, are accumulating in what is called the *Tontine surplus fund*, and are being compounded, annually, at the average rate of interest, from year to year, realized by the company on all its invested funds. These dividend accumulations, *from his own policy*, as said before, are not placed to his *individual* credit, on the books of the company—they may be kept in memoranda—but they *are* credited to the general Tontine surplus fund of HIS CLASS.

If the policy were an Ordinary one, **not** a Tontine, and the dividends were to average, say, $75.44 per annum, and were left with the company to be compounded annually at five per cent. interest, at the end of the twenty years they would amount to $2,619.20. This would be the entire amount of his dividends, from *all* sources, under the assumptions made.

How much would the above result be increased, if the policy were a **Tontine**, and the insured were to persist in *living* and *paying*, and *complying* with *all the other conditions* of the contract, until the expiration of the 20-year Tontine period? Of course no one can answer this question, not even the Tontine companies, themselves, except *approximately*. There are three great Tontine companies doing business in America. One of these has *estimated* the amount of surplus at the end of the Tontine period, on the kind and amount of policy assumed, at $3,256.70. This is $637.50 more than the estimated surplus, if the policy were a **Non-Tontine**! Another estimates the **Tontine surplus** at $4,697.00; or, $2,077.80 more than if it were a **Non-Tontine**! The third company makes no estimates. The *first* of the above companies, in its recent sworn testimony before the Ohio Senate Committee, stated that the Tontine surplus, at the end of the *tenth* year, on a $3,000 policy in that company, issued at age 31, was $269.79; that the dividends *paid* on the same kind of a **Non-Tontine** policy, same amount and age, during first ten years, compounded at six per cent., amounted to

only $141.42, showing a difference in favor of the **Tontine** policy of $128.37, or 91 per cent., end of the *first ten years*. Taking the statement thus sworn to by the New York company, as the basis of estimates for the entire Tontine period, we have the following: The estimated **Non-Tontine** dividends, as stated before, amount to $2,619.20. Add 91 per cent. and the result is $5,002.67, the *estimated* **Tontine surplus** at the end of the **Tontine period**; but this result far exceeds the estimates of any Tontine company, on this kind of a policy, showing plainly that either our assumptions of the dividends are too high on a Non-Tontine policy in that company, or, that the **Tontine** Dividends would not average as large during the entire 20-year Tontine period as they did the *first ten years* of that period.

Now let it be assumed that the policy holder in our assumed example has *lived through* the 20-year Tontine period. What are the advantages over a *similar* **Non-Tontine** policy, at the end of the first twenty years?

1. If the policy were a **Non-Tontine** in the *same* company, —a Tontine Company he would have to apply to the company to ascertain how much *cash*, or how large a *paid-up policy*, would be given on surrender of the original policy. This application would have to be made before the twenty-first annual premium became due, or the policy would lapse. It must be attended to *promptly*. The company has, in the reserve accumulations, $2,532.94, and we have assumed that the accumulated dividends amount to $2,619.20, making, altogether, $5,152.14, in cash, to the credit of the policy in the hands of the company—it is a **Non-Tontine** policy, remember! How much of this $5,152.14 would the company *probably* pay the insured, in cash, on the *legal* surrender of the policy? *Probably* not more than one-half of it, or thereabouts, say $2,700—possibly, $3,000. If he preferred a *paid up policy* to the cash, he would receive what the $3,000 at his present age would purchase at the *company's* LOADED RATE! If the policy were a **Tontine**, how much *cash*, or *paid-up*, would the company give him upon *legal* surrender of the original policy? *One* of the three great **Tontine Companies** *guarantees* $2,173.90, *in cash*, but *estimates* it at $5,680. Its estimated equivalent **paid-up** is $12,150! *Another* **Tontine Company** *guarantees* $2,270.05 in cash, but *estimates* it at $7,120. Its *estimated* equivalent paid-up is $16,500! The *third* guarantees a *cash surrender* value of $2,532.94, but *makes no estimates* as to what it can *probably* do better than this.

It is well to remark here that the guarantee cash surrender values above, are the entire reserves as kept by the several companies, and the *estimated* cash values are these reserves augmented by the estimated surplus. It should further be remarked that when the cash surrender value is sufficient to purchase a larger

paid-up policy than the original one, medical examination is required for the *additional* insurance.

(2.) The cash surrender value or equivalent paid-up, at the end of the Tontine period is not the only option on the part of the insured. There are *several* others, with reference to which the reader is referred to Chapter V of this book.

If the assumed policy were a **Semi-Tontine**, instead of a **Tontine**, any time after three years from its date, it could be surrendered for a paid-up, the insured forfeiting only the *accrued surplus*.

The following is the history of a Tontine Policy. in one of the great Tontine companies above referred to:

POLICY NO. 44,193; AMOUNT OF POLICY $10,000; KIND OF POLICY, ORDINARY LIFE, TONTINE POLICY; THE TONTINE PERIOD, 15 YEARS; ANNUAL PREMIUM, $324.70; AGE, 41; DATE OF POLICY, JUNE 8th, 1869.

During the Tontine period of fifteen years, the insured paid fifteen annual premiums, in cash, of $324.70 each, amounting to $4,870.50.

At the end of the Tontine period June 8th, 1884, the insured had the privilege of choosing any one of the following methods of settlement.

I. He could surrender the original policy to the Company, and receive, in cash, $5,530.70. After having had $10,000 insurance for 15 years for *nothing*, he could retire with $660, cash, over and above the total sum he had paid ; or,

II. He could surrender the original Policy and receive a Paid-up Policy for $10,260 upon which no further payment of premiums would ever be required ; or,

III. He could convert the *surplus*, $2,918.10 into an *annuity for life*, $243.50 per year, and apply it in annual payment of future premiums, thus *continuing* the original policy. This life annuity, of $243.50, would *alone* reduce the annual premium from $324.70 to $81.20, and the *future* annual cash dividends would very *nearly*, if not quite, pay the balance. This was the option accepted by the insured ; and, in 1885, the annuity together with the dividend of 1885, *more* than paid the annual premium, so that the company receipted for the annual premium, and *paid the insured $17.20 in cash.*

At the end of the Tontine period, the options, *in percentages*, were as follows:

1. **Cash surrender value of the Policy was 114 per cent. of the total premiums paid!**

2. Amount of Paid-up Policy was **211 per cent.** of the total premiums paid !
3. The cash surplus was **60 per cent.** of the total premiums paid !

Example of a Matured Tontine.

Policy, No. 114,285; Amount, $10,000; Date, May 7, 1875; Kind of policy, Ordinary Life; Annual premium, $350.50; **Tontine Period, 10 years.**

Results: The insured paid the premiums, in full, during the 10-YEAR TONTINE PERIOD, amounting to $3,505. By the provisions of the policy-contract, at the end of the ten years he was entitled to the benefit of the following options :

1. HE COULD SURRENDER HIS POLICY AND RECEIVE FROM THE COMPANY, IN CASH, $3,036 ; OR,

2. HE COULD SURRENDER HIS POLICY AND RECEIVE A PAID-UP FOR $6,045, NON-PARTICIPATING ; OR,

3. HE COULD SURRENDER HIS POLICY AND RECEIVE AN ANNUITY FOR LIFE OF $258.00, PER YEAR ; OR,

4. HE COULD SURRENDER HIS ACCUMULATED SURPLUS, $1,255, CONTINUING HIS POLICY, AND RECEIVE AN ANNUITY FOR LIFE OF $77.00 PER YEAR TO BE USED IN PAYMENT OF FUTURE PREMIUMS.

He selected the *second* of the above options, and reinsured on the Tontine plan, May, 1885.

Our readers must not be misled in comparing the above results with those of the 15-year Tontine preceding it. There is no basis for accurate comparison of the two.

TERMINABLE ENDOWMENTS ; RESERVE ENDOWMENTS ; A CERTAIN KIND OF LIFE-RATE ENDOWMENTS ; FIVE-YEAR DISTRIBUTION POLICIES, ETC., ETC., ARE FORMS OF POLICY-CONTRACTS IN WHICH THE TONTINE ELEMENT PREVAILS TO A GREATER OR LESS EXTENT ; BUT TO ILLUSTRATE THEM ALL, BY EXAMPLES, WOULD REQUIRE MORE SPACE THAN A WORK OF THIS CHARACTER PERMITS.

The following Level Premium Companies we name as worthy of patronage. There are several others that are sound and reliable in every respect. Some of these confine themselves mainly to an industrial business, namely—The Prudential of Newark, N. J.; The Metropolitan of New York ; The John Hancock Mutual of Boston, Mass., and The Vermont Life of Burlington, Vt.

ÆTNA LIFE INSURANCE COMPANY OF HARTFORD, CONN.

MORGAN G. BULKELEY, PRESIDENT.

Commenced Business 1850. Paid-up Capital, $1,000,000.

The following is its official record from 1850 to 1887 inclusive as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 17,568,245	$100,617,772	$15,334,287
1873	18,930,749	98,862,731	17,332,108
1874	20,417,750	94,506,992	15,182,318
1875	21,822,292	91,454,011	11,348,277
1876	23,194,555	87,385,555	9,557,263
1877	24,030,578	82,718,874	8,078,168
1878	25,006,896	79,568,066	6,923,524
1879	25,538,106	77,738,038	6,609,904
1880	26,327,267	77,951,819	6,994,175
1881	26,986,526	79,772,425	8,293,370
1882	28,018,029	82,928,860	9,594,636
1883	29,017,935	85,040,335	10,114,585
1884	29,682,926	84,663,591	8,094,226
1885	30,499,508	87,791,243	11,111,960
1886	31,463,988	92,262,969	13,133,547
1887	32,620,676	97,372,334	14,380,449

REMARKS:

BERKSHIRE LIFE INSURANCE COMPANY OF PITTSFIELD, MASS.

WM. R. PLUNKETT, PRESIDENT.

Commenced Business 1851. Paid-up Capital, $25,500.

The following is its official Record from 1851 to 1887 inclusive, as shown by Reports from the Insurance Departments from year to year :

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 2,181,629	$ 10,350,413	$ 2,014,667
1873	2,520,368	10,624,043	1,821,717
1874	2,845,958	10,703,604	1,864,160
1875	3,081,570	10,835,216	1,799,041
1876	3,242,237	12,191,015	2,425,305
1877	3,276,460	11,516,069	2,233,891
1878	3,302,201	10,989,576	2,072,090
1879	3,428,726	11,324,833	2,546,419
1880	3,516,433	11,790,230	2,482,267
1881	3,582,127	12,264,755	2,481,384
1882	3,583,078	12,946,812	2,676,313
1883	3,683,086	14,023,113	2,962,135
1884	3,758,218	14,905,506	3,083,244
1885	3,796,168	16,112,939	3,824,092
1886	3,850,055	17,646,561	4,599,474
1887	3,902,872	19,657,323	5,146,376

REMARKS :

THE CONNECTICUT MUTUAL LIFE INSURANCE COMPANY OF HARTFORD, CONN.

JACOB L. GREENE, PRESIDENT.

Commenced Business 1846. Mutual.

The following is its official record from 1846 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 34,936,141	$181,726,840	$14,502,090
1873	37,620,557	181,802,730	15,607,263
1874	40,371,939	185,366,633	19,965,324
1875	43,410,597	185,076,842	15,796,454
1876	46,163,497	183,414,408	15,895,946
1877	47,496,151	178,280,635	15,301,735
1878	48,119,742	170,319,164	12,073,498
1879	47,214,729	164,585,123	10,707,194
1880	47,922,278	162,105,367	9,597,908
1881	49,046,506	159,039,868	8,564,750
1882	51,578,411	157,105,751	8,464,005
1883	52,568,515	155,433,409	8,579,008
1884	53,426,712	152,230,685	7,283,710
1885	54,374,075	151,301,588	9,007,390
1886	55,696,218	150,528,923	8,295,830
1887	56,643,498	150,992,498	8,211,056

REMARKS:

EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES.

HENRY B. HYDE, PRESIDENT.

Commenced Business 1859. Paid-up Capital, $100,000.

The following is its official record from 1859 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 19,222,395	$171,443,351	$51,911,079
1873	22,678,060	184,282,130	53,452,578
1874	25,606,848	181,029,001	34,189,815
1875	28,585,041	178,632,686	30,538,017
1876	31,289,714	173,050,690	25,020,577
1877	33,058,000	160,821,416	20,712,793
1878	35,015,676	157,737,356	21,440,213
1879	37,000,917	162,357,715	26,502,541
1880	40,706,401	177,597,703	35,170,805
1881	44,078,021	200,679,019	46,189,096
1882	47,756,079	232,829,620	62,262,279
1883	52,363,254	275,160,588	81,129,756
1884	57,548,716	309,409,171	84,877,057
1885	65,547,594	357,338,246	96,011,378
1886	74,332,973	411,779,098	111,540,203
1887	84,378,905	483,029,562	138,023,105

REMARKS:

GERMANIA LIFE INSURANCE COMPANY OF NEW YORK.

HUGO WESENDONCK, PRESIDENT.

Commenced Business 1860. Paid-up Capital, $200,000.

The following is its official record from 1860 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 5,212,876	$ 34,600,264	$ 4,387,078
1873	5,970,804	34,842,813	4,078,615
1874	6,640,004	34,096,809	3,344,624
1875	7,304,524	34,421,675	4,129,601
1876	7,910,109	34,066,059	3,653,253
1877	8,021,944	32,817,295	3,078,174
1878	8,268,312	32,194,737	3,271,069
1879	8,552,877	32,759,077	3,789,139
1880	9,003,151	33,890,679	4,152,898
1881	9,456,242	35,512,833	4,785,968
1882	9,893,670	36,889,204	4,733,331
1883	10,402,356	38,153,663	4,530,825
1884	10,857,819	38,954,341	4,244,453
1885	11,485,386	39,979,985	4,886,016
1886	12,310,626	41,817,338	5,320,065
1887	13,073,247	43,634,805	5,447,846

REMARKS:

HOME LIFE INSURANCE COMPANY OF NEW YORK.

GEORGE C. RIPLEY, PRESIDENT.

Commenced Business 1860. Paid-up Capital, $125,000.

The following is its official Record from 1872 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 3,346,153	$ 21,466,111	$ 2,427,630
1873	3,742,199	21,769,083	2,532,842
1874	4,114,155	20,928,412	1,954,609
1875	4,475,117	20,521,578	1,495,239
1876	4,730,123	19,902,744	1,687,767
1877	4,778,164	16,800,407	1,408,533
1878	4,803,770	15,308,663	1,030,263
1879	4,829,057	14,308,463	1,231,234
1880	4,921,137	14,348,067	1,504,435
1881	5,037,322	14,965,079	2,216,627
1882	5,185,685	15,696,414	2,385,235
1883	5,403,543	16,874,646	3,065,544
1884	5,457,588	16,957,595	2,253,514
1885	5,646,478	17,819,416	2,791,571
1886	5,855,842	19,450,061	4,164,797
1887	6,110,909	21,756,596	5,211,041

REMARKS:

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY OF SPRINGFIELD, MASS.

M. V. B. EDGERLY, PRESIDENT.

Commenced Business 1851. Mutual.

The following is its official record from 1851 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 4,505,922	$ 32,614,008	$ 7,130,000
1873	4,985,811	32,151,339	4,537,737
1874	5,532,053	33,480,244	4,931,165
1875	6,070,857	34,645,574	5,229,927
1876	6,424,144	33,522,038	3,628,963
1877	6,229,930	31,627,152	3,114,004
1878	6,409,859	29,544,599	2,198,033
1879	6,619,638	28,547,575	2,575,888
1880	6,986,409	29,040,080	3,929,904
1881	7,121,226	29,879,582	4,114,705
1882	7,317,143	30,238,012	4,092,608
1883	7,582,191	32,560,429	5,929,950
1884	7,544,860	34,346,622	6,362,083
1885	8,100,990	37,441,673	8,014,308
1886	8,526,565	40,628,944	8,092,587
1887	9,012,379	45,351,769	10,022,465

REMARKS:

THE MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY OF SPRINGFIELD, MASS.

1887.

Receipts	$1,875,351.39
Disbursements	1,473,395.77

ASSETS.

First Mortgage Loans on Real Estate	$2,346,719.38
Loans secured by Collaterals	484,141,96
Loans on Company's Policies in force	250,565.00
United States Bonds	108,750.00
City, County, Township and other bonds	817,108.23
Gas and Water Bonds	694,450.00
National Bank Stocks	89,675.00
Railroad Bonds	1,522,790.00
Railroad and other Stocks	706,464.00
Real Estate	780,525.00
Premium Notes on Policies in force	524,084.35
Cash on hand and in Bank	253,209.52
Interest and Rents accrued	158,628.81
Premium in course of collection (less loading 20 per cent.)	107,668.82
Deferred Premiums (less loading 20 per cent.)	167,599.47
Total Assets	$9,012,379.54

LIABILITIES.

Reserve by Massachusetts Standard	$8,280,003.00
Reported Losses awaiting proofs	22,667.00
Endowment Claims not adjusted and not due	3,150.00
Unpaid Dividends	24,991.71
Premiums paid in advance	1,837.60
Total Liabilities	$8,332,649.31
Surplus by Massachusetts Standard	$679,780.23
Number of Policies issued in 1887, 3,130, insuring	$10,022,465.00
Number of Policies in force December 31, 1887, 17,688, insuring	$45,351,769.00

SPRINGFIELD, MASS., January 24, 1888.

The undersigned have carefully examined the cash, securities,

and balances of The Massachusetts Mutual Life Insurance Company, and find the same to agree with the above statement.

H. S. HYDE,
J. R. REDFIELD,
H. M. PHILLIPS,
} Auditors.

Since its organization The Massachusetts Mutual Life Insurance Company	
Has received in Premiums	$24,490,577
It has paid to Policy-holders or their Representatives:	
For Death Claims	$7,957,770
For Endowment Claims	1,483,281
For Dividends	4,175,159
For Surrendered and Canceled Policies	3,013,478
Total	$16,629,688
And has on hand, December 31, 1887, (exclusive of Premiums deferred and in course of collection),	
Assets, the property of the Policy-holders	8,806,613
Total	$25,436,301
Balance over Premiums received	$945,724

That is to say, the interest earnings and profits of the investments made with the Policy holders' money have paid all the running expenses of the Company, and put nearly NINE HUNDRED AND FIFTY THOUSAND DOLLARS into its treasury besides.

THE MICHIGAN MUTUAL LIFE INSURANCE COMPANY OF DETROIT, MICH.

JACOB S. FARRAND, PRESIDENT.

Commenced Business 1867. Paid-up Capital, $250,000.

The following is its official record from 1867 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	ew Insurance During Year.
1872	$ 379,672	$ 5,234,862	$1,878,331
1873	500,335	7,819,282	3,671,036
1874	617,671	10,340,234	4,763,610
1875	753,036	12,218,815	4,509,305
1876	971,080	12,670,213	4,133,783
1877	983,336	11,641,566	3,582,183
1878	973,027	9,859,302	2,951,776
1879	980,397	8,744,977	1,383,124
1880	1,014,477	8,344,315	1,444,523
1881	1,071,707	8,965,288	2,194,873
1882	1,117,323	9,811,234	2,214,631
1883	1,231,879	10,583,334	2,536,564
1884	1,380,876	11,727,530	2,719,201
1885	1,537,504	13,795,117	4,239,227
1886	1,765,333	16,551,923	5,502,273
1887	1,996,189	18,079,668	4,855,758

This company is a typical Western Institution. Organized in 1867, by the solid business men and financiers of Detroit, it at once started out on a successful career and is to-day recognized as one of the prosperous Life Insurance Companies of the country. During its first years of existence it confined its operations to the State of Michigan. Having established its name and business at home, and secured the confidence of the people of its own state, it then branched out to other states to which its home standing has followed it. The company is financially strong, progressive in its management, and successful in its business.

THE MICHIGAN MUTUAL LIFE INSURANCE COMPANY OF DETROIT, MICH.

This is a purely Western Company, confining its operations to that field exclusively. Its money is all loaned in the West, thus securing the highest rates of interest, which enables it to pay large dividends to its policy-holders, thus reducing the cost of insurance to the lowest possible point. It has lost nothing by its investments during the entire period of its existence.

It issues all popular and approved forms of policy contract, shorn of the technical and annoying restrictions which experience has demonstrated are not necessary to safety. Its policies are non-forfeitable and incontestable; it also pays cash surrender values.

The following table illustrates what the Company guarantees as a cash surrender value under an ordinary endowment policy.

AMOUNT OF POLICY, $10,000; AGE, 30; KIND OF POLICY, 20-YEAR ENDOWMENT, REQUIRING TWENTY ANNUAL PAYMENTS OF $458.30 EACH.

On the back of every policy is printed, in FULL FACE type, the following:

"IT IS HEREBY AGREED, that on the surrender of this policy, duly receipted by the insured and beneficiaries, the Michigan Mutual Life Insurance Company will, at the end of the third or any subsequent year, **pay in cash** the surrender value specified in the following table:

At the end of	3d	year,	at least.....	$ 776.80
"	4th	"	"	1,085.00
"	5th	"	"	1,419.30
"	6th	"	"	1,780.00
"	7th	"	"	2,167.90
"	8th	"	"	2,583.50
"	9th	"	"	3,027.80
"	10th	"	"	3,500.90
"	11th	"	"	4,004.80
"	12th	"	"	4,537.60
"	13th	"	"	5,102.10
"	14th	"	"	5,699.50
"	15th	"	"	6,329.50
"	16th	"	"	6,992.40
"	17th	"	"	7,690.50
"	18th	"	"	8,423.20
"	19th	"	"	9,193.20
"	20th	"	"	10,000.00

Every person desiring Life Insurance should select his Company with the following facts in view: First, security; second, the character of the contract; third, the cost. From such a standpoint The Michigan Mutual Life Insurance Company ranks among the first.

MUTUAL BENEFIT LIFE INSURANCE COMPANY OF NEWARK, N. J.

AMZI DODD, PRESIDENT.

Commenced Business 1845. Mutual.

The following is its official record from 1845 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 26,488,232	$133,164,169	$ 9,573,063
1873	28,620,956	131,443,818	8,912,359
1874	30,625,126	131,938,427	11,178,803
1875	31,300,678	134,104,103	12,549,545
1876	33,336,417	131,846,785	9,674,429
1877	34,299,045	126,193,045	7,016,891
1878	34,661,185	119,179,592	5,271,180
1879	34,989,570	117,720,246	7,917,612
1880	35,726,816	121,466,979	13,025,391
1881	35,717,769	127,411,677	14,523,938
1882	36,300,972	129,619,105	11,031,145
1883	37,581,431	133,298,768	13,256,376
1884	38,607,396	135,843,543	13,678,384
1885	39,625,995	139,416,807	14,826,354
1886	40,816,517	143,186,656	14,834,902
1887	42,110,662	147,189,403	16,078,824

REMARKS.

THE MUTUAL LIFE INSURANCE COMPANY OF NEW YORK.

RICHARD A. McCURDY, PRESIDENT.

Commenced Business 1843. Mutual.

The following is its official record from 1843 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	58,411,059	$264,378,344	$59,263,961
1873	65,284,984	289,505,739	56,560,598
1874	72,130,493	301,878,726	62,374,099
1875	78,534,076	305,057,221	52,856,593
1876	82,076,707	301,278,037	50,490,307
1877	84,749,808	294,488,311	45,598,042
1878	86,833,341	290,774,315	28,299,818
1879	88,212,701	298,760,867	38,394,554
1880	91,529,654	306,002,164	33,700,759
1881	94,506,499	315,900,137	34,673,550
1882	97,746,364	329,554,174	37,234,458
1883	100,912,245	342,946,032	37,810,597
1884	103,583,301	351,789,285	34,675,989
1885	108,431,779	368,952,337	46,502,894
1886	113,679,962	393,776,174	56,827,014
1887	118,274,967	427,583,359	69,443,110

REMARKS:

THE NATIONAL LIFE INSURANCE COMPANY OF VERMONT.

CHARLES DEWEY, PRESIDENT.

Commenced Business 1850. Mutual.

The following is its official record from 1850 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 1,372,177	$ 8,764,448	$ 2,058,504
1873	1,541,560	9,086,023	1,663,547
1874	1,723,166	9,637,698	1,802,177
1875	1,846,750	9,919,536	1,589,578
1876	2,036,519	9,440,381	1,111,191
1877	2,072,532	8,562,232	804,279
1878	2,191,613	8,183,357	703,025
1879	2,250,585	8,306,052	1,022,767
1880	2,412,294	8,717,443	1,020,348
1881	2,574,934	9,516,360	1,435,410
1882	2,768,288	10,669,009	2,096,818
1883	2,939,390	12,121,725	2,698,006
1884	3,181,163	14,106,761	3,683,605
1885	3,523,821	16,579,518	4,659,306
1886	3,880,523	20,059,506	6,088,563
1887	4,405,315	24,922,324	8,226,779

REMARKS:

THE NEW YORK LIFE INSURANCE COMPANY OF NEW YORK.

WILLIAM H. BEERS, PRESIDENT.

Commenced Business 1845. Mutual.

The following is its official record from 1845 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 21,533,062	$118,622,606	$27,096,274
1873	24,430,228	123,672,387	26,621,460
1874	27,249,476	122,835,123	21,809,389
1875	30,561,983	126,132,119	21,964,190
1876	33,164,715	127,748,473	20,062,111
1877	34,787,610	125,647,392	20,156,639
1878	36,643,924	122,697,495	15,949,986
1879	38,858,831	127,417,762	17,098,173
1880	43,031,142	132,270,516	22,229,979
1881	47,044,269	147,543,924	32,374,281
1882	50,550,982	166,856,697	41,325,520
1883	55,202,314	193,895,093	52,735,564
1884	58,941,739	224,816,636	61,484,550
1885	66,515,406	255,403,050	68,521,452
1886	74,921,927	300,639,390	85,178,294
1887	83,079,846	358,935,536	106,749,295

REMARKS:

NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY OF MILWAUKEE, WIS.

H. L. PALMER, PRESIDENT.

Commenced Business 1858. Mutual.

The following is its official record from 1858 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 12,353,736	$ 64,175,217	$14,361,933
1873	14,010,702	64,692,003	12,027,261
1874	15,472,847	65,301,021	11,796,029
1875	17,044,051	67,124 215	13,607,730
1876	17,995,863	67,493,191	12,375,829
1877	18,096,014	64,416,847	9,266,264
1878	17,910,037	61,441,014	8,108,407
1879	17,952,747	61,948,888	9,036,426
1880	18,295,331	64,967,081	9,801,281
1881	18,803,398	74,502,740	17,559,715
1882	19,752,296	83,355,424	18,719,669
1883	21,085,384	92,083,093	20,136,582
1884	22,497,773	98,793,982	21,057,952
1885	24,238,046	110,710,861	26,259,387
1886	26,648,075	127,629,903	31,446,673
1887	28,858,019	147,615,323	35,566,841

REMARKS:

PENN MUTUAL LIFE INSURANCE COMPANY OF PHILADELPHIA, PA.

EDWARD M. NEEDLES, PRESIDENT.

Commenced Business 1847. Mutual.

The following is its official record from 1847 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 3,834,129	$ 22,733,211	$ 2,322,258
1873	4,112,027	23,632,274	4,146 346
1874	4,635,234	23,992,171	2,961,565
1875	5,347,128	27,707,809	6,556,543
1876	5,897,102	30,261,443	6,959,272
1877	6,248,419	30,081,214	5,371,841
1878	6,611,080	28,739,079	3,594,796
1879	7,011,548	29,169,515	4,027,139
1880	7,448,900	31,122,046	4,791,405
1881	7,858,619	34,344,784	6,017,976
1882	8,478,457	37,912,862	6,495,480
1883	8,993,533	41,308,015	6,846,525
1884	9,644,052	43,771,200	6,372,186
1885	10,378,572	47,798,063	8, 30,635
1886	11,394,056	53,732,713	11,531,500
1887	12,600,259	61,018,805	12,734,177

REMARKS:

PHŒNIX LIFE INSURANCE COMPANY OF HARTFORD, CONN.

AARON A. GOODMAN, PRESIDENT.

Commenced Business 1851. Paid-up Capital, $100,000.

The following is its official record from 1851 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year :

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 8,048,070	$ 71,910,267	$22,192,311
1873	8,990,861	75,694,331	19,100,462
1874	10,021,614	69,186,105	10,745,275
1875	10,224,323	60,222,186	7,801,713
1876	10,763,457	52,313,982	4,519,697
1877	10,948,277	43,779,124	4,099,610
1878	10,794,338	38,316,091	3,222,821
1879	10,647,178	34,989,159	2,157,164
1880	10,611,139	32,516,692	1,448,110
1881	10,588,561	30,368,798	1,202,360
1882	10,616,769	28,613,413	1,100,977
1883	10,615,756	27,689,871	1,540,351
1884	10,537,870	27,123,125	2,119,032
1885	10,430,316	26,129,089	1,702,651
1886	10,488,600	25,543,451	1,709,634
1887	10,501,559	25,267,687	1,777,005

REMARKS :

PROVIDENT LIFE AND TRUST COMPANY OF PHILADELPHIA, PA.

SAMUEL R. SHIPLEY, PRESIDENT

Commenced Business 1865. Paid-up Capital, $1,000,000

The following is its official record from 1865 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 1,777,821	$ 12,565,121	$ 3,056,425
1873	2,127,029	15,550,082	4,646,726
1874	2,587,061	17,714,477	4,434,402
1875	3,093,155	19,479,350	4,158,610
1876	3,573,893	20,847,199	3,859,388
1877	3,952,543	20,707,581	3,085,131
1878	4,325,603	20,984,554	2,987,392
1879	4,773,219	22,486,295	3,895,033
1880	5,373,422	25,755,451	5,035,266
1881	6,053,955	29,092,190	5,069,031
1882	7,233,894	32,764,062	6,301,325
1883	8,292,041	37,499,951	7,353,511
1884	9,149,210	41,691,769	7,610,632
1885	10,500,242	45,678,669	7,366,834
1886	11,938,869	50,914,268	8,647,132
1887	13,466,769	57,137,653	10,120,783

REMARKS:

STATE MUTUAL LIFE INSURANCE COMPANY OF WORCESTER, MASS.

A. GEORGE BULLOCK, PRESIDENT.

Commenced Business 1845. Mutual.

The following is its official record from 1845 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 1,430,648	$ 7,758,803	$ 1,448,000
1873	1,618,285	8,219,525	1,149,500
1874	1,845,356	8,998,972	1,233,500
1875	1,929,557	9,883,322	1,292,500
1876	2,081,594	10,317,272	871,500
1877	2,237,448	10,461,924	703,500
1878	2,348,844	10,502,465	614,300
1879	2,523,357	9,736,510	696,500
1880	2,767,771	10,112,935	856,000
1881	2,971,511	10,650,835	1,098,500
1882	3,099,249	12,016,345	1,658,200
1883	3,301,788	14,162,113	2,900,539
1884	3,549,301	15,832,144	2,980,594
1885	3,886,926	18,253,967	4,132,316
1886	4,186,241	20,822,635	4,300,821
1887	4,608,170	23,387,840	4,246,317

REMARKS:

UNION CENTRAL LIFE INSURANCE COMPANY OF CINCINNATI, OHIO.

JOHN DAVIS, PRESIDENT.

Commenced Business 1867. Paid-up Capital, $100,000.

The following is its official record from 1867 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 734,681	$ 9,815,860	$ 6,829,080
1873	891,333	10,692,408	3,994,170
1874	1,015,386	11,508,318	5,610,110
1875	1,157,695	11,723,683	2,975,791
1876	1,265,589	10,861,185	2,760,853
1877	1,348,664	9,303,324	2,009,167
1878	1,428,068	8,184,403	1,684,412
1879	1,499,812	7,466,120	1,350,408
1880	1,588,301	8,345,649	2,272,708
1881	1,679,317	8,975,230	2,511,648
1882	1,807,319	11,068,311	4,403,555
1883	1,957,010	12,381,025	5,156,204
1884	2,266,397	14,053,259	5,341,880
1885	2,677,063	17,334,913	7,233,331
1886	3,152,368	22,539,569	11,626,322
1887	3,863,831	27,724,533	14,024,292

REMARKS.

UNION MUTUAL LIFE INSURANCE COMPANY OF PORTLAND, MAINE.

JOHN E. DEWITT, PRESIDENT.

Commenced Business 1849. Mutual.

The following is its official record from 1848 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year.

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 6,723,696	$ 39,814,365	$11,227,490
1873	7,720,651	42,914,575	10,935,045
1874	8,796,699	49,218,933	14,517,543
1875	9,158,664	46,740,375	12,181,017
1876	8,099,634	40,979,204	8,266,345
1877	7,854,826	34,341,818	4,789,417
1878	7,046,475	28,890,136	6,564,343
1879	6,872,180	26,697,370	4,191,956
1880	6,631,432	25,014,083	3,445,230
1881	6,258,681	24,070,773	3,679,527
1882	6,272,970	24,621,565	4,727,934
1883	6,229,684	24,491,180	4,304,279
1884	6,311,402	24,215,967	3,889,506
1885	6,109,619	24,480,660	4,235,849
1886	6,119,915	25,094,168	5,226,301
1887	6,014,523	25,707,417	4,933,215

REMARKS:

UNITED STATES LIFE INSURANCE COMPANY OF NEW YORK.

GEORGE H. BURFORD, PRESIDENT.

Commenced Business 1850. Paid-up Capital, $440,000.

The following is its official record from 1850 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 3,923,731	$ 21,863,469	$ 8,886,914
1873	4,204,196	22,035,016	6,667,145
1874	4,402,218	22,182,145	5,791,470
1875	4,631,168	21,632,600	5,052,880
1876	4,815,651	20,121,812	4,407,572
1877	4,816,891	20,806,490	8,676,955
1878	4,850,789	17,353,255	4,006,312
1879	4,953,339	16,649,487	3,347,420
1880	5,119,943	16,551,816	3,589,474
1881	5,004,759	16,459,878	3,025,445
1882	5,097,857	16,960,655	2,947,761
1883	5,238,152	18,975,879	5,441,054
1884	5,167,167	19,562,664	4,125,975
1885	5,438,293	19,954,653	4,059,260
1886	5,660,391	20,920,405	4,165,175
1887	5,734,496	23,471,829	5,641,120

REMARKS:

THE WASHINGTON LIFE INSURANCE COMPANY OF NEW YORK.

WILLIAM A. BREWER, JR., PRESIDENT.

Commenced Business 1860. Paid-up Capital, $125,000.

The following is its official record from 1860 to 1887 inclusive, as shown by Reports from the Insurance Departments, from year to year:

Year.	Assets December 31.	Insurance in Force December 31.	New Insurance During Year.
1872	$ 3,404,398	$ 25,950,890	$ 5,607,774
1873	3,925,818	26,812,062	5,827,269
1874	4,418,624	25,021,417	3,936,740
1875	4,835,303	25,429,555	4,491,433
1876	5,221,902	24,346,506	3,665,914
1877	5,353,251	22,344,981	2,615,870
1878	5,487,809	21,215,796	2,270,000
1879	5,591,889	21,447,274	3,164,290
1880	5,815,981	23,451,770	4,446,572
1881	6,191,887	25,928,150	5,072,179
1882	6,534,465	29,374,019	6,891,831
1883	6,978,607	31,994,723	6 389,470
1884	7,273,650	33,334,672	6,898,500
1885	7,771,775	33,956,324	5,318,665
1886	8,231,130	36,574,831	7,695,163
1887	8,868,383	39,506,527	8,298,275

REMARKS:

CHAPTER X.

THE NATURAL PREMIUM SYSTEM.—ITS DISTINGUISHING CHARACTERISTICS.—REQUISITES FOR SOUNDNESS AND PERMANENCY.—A LEVEL PREMIUM SEPARATED INTO ITS ELEMENTS.—A NATURAL PREMIUM SEPARATED INTO ITS ELEMENTS.—THE TWO COMPARED.—TABLE A, SHOWING RESERVE AND AMOUNT AT RISK ON A LEVEL PREMIUM POLICY OF $10,000, AGE 40, FOR 27 YEARS.—REMARKS ON THE SAME.—TABLE B, SHOWING RESERVE AND AMOUNT AT RISK ON A NATURAL PREMIUM POLICY OF $10,000, AGE 40, FOR 27 YEARS.—REMARKS ON THE SAME.—TABLE C, SHOWING THE NET AND GROSS NATURAL PREMIUMS FOR $1,000, AGES, 20 TO 99.—REMARKS ON THE SAME.—UNIFORM PERCENTUM LOADING DISCUSSED.—SHEPPARD HOMAN'S PLAN.—LIFE INDEMNITY AND INVESTMENT COMPANY.—IMPERIAL LIFE OF DETROIT.—KANSAS MUTUAL LIFE ASSOCIATION.

II. THE NATURAL PREMIUM SYSTEM.

DISTINGUISHING CHARACTERISTICS:

1. The premium is required to be paid *in advance.*

2. The contract between the company and the insured is called a *policy.*

3. The policy always designates a definite sum to be paid by the company to the beneficiary or beneficiaries named therein, and the insurance is for *one year*, only, or a fractional part thereof—three or six months—renewable from time to time at the option of the insured, without medical examination.

4. The premium is a "*progressive premium;*" that is, it is larger each successive year than the last preceding one. But the increase in a well managed company is liable to be impeded, somewhat, so that each of the annual payments, during the first five or ten years, in a Mutual Company, may possibly be kept down by dividends to a level, or nearly so, with that of the third, or even the *second* year.

REQUISITES FOR SOUNDNESS AND PERMANENCY.

a.—**The premium must be based on safe assumptions of future mortality, interest and expenses.**

b.—**There must be in hand from the first to the end of every policy year, the reserve provided by law.**

To illustrate,—suppose that the insured is 40 years old at the *beginning* of a policy year; that the policy is for $1,000, and that the premium is based on the Actuaries' Table of Mortality, and 4 per cent. interest. (See Table No. 16, col. 6). The net premium at 40 is $9.96, and it is also the required reserve. Bear in mind that *this* is the reserve *at the beginning* of the year; but it gradually diminishes until at the *end* of the year it is nothing! At the beginning of the second year he is 41, and the net premium,—which is also the legal reserve—, is now $10.20, which is also reduced to zero at the end of the year. At the beginning of the sixth year, at age 45, the reserve is $11.74, and nothing at the *end* of the year. At ages 50, 55, 60, 65 and 70, the reserves are, respectively, $15.33, $20.83, $29.17, $42.39, and $62.44, at the *beginning* of each of the several years indicated, but no reserve is required at the terminations of these years. Generally, at the *beginning* of any policy year, the reserve required by law in **The Natural Premium System**, is the net premium at the *then* age; but, at the *end* of any policy year, no matter how long the policy has been in force, no reserve is required. If any remains, at the end of the year, it shows that the mortality of the company during the year has been less than that indicated by the mortality table upon which its premiums are based, and it is placed to the credit of the surplus fund.

c.—**The premiums should be loaded sufficiently—see "*loading,*" page 26—to provide for any possible mortality, in the future, in excess of that indicated by the mortality table upon which they are based. This surplus fund should be safely invested, and the policy contract should definitely state *how it will* be invested. To every policy holder who has been insured a certain number of years, say ten to fifteen, such a proportional part of this special mortality fund as his premiums have contributed thereto, together with interest earned thereon, should be available, annually thereafter, in payment of his premiums. Should death occur, or the policy lapse, or become forfeited, prior to the expiration of the stipulated period, it should be forfeited to the remaining members.**

d.—**The necessary expenses of the company should be amply provided for by collecting from every policy-holder—Quarterly, semi-annually or annually, in advance—a uniform fixed amount for each $1,000 of insurance regardless of age. A uniform *per centum* loading of the net premium for expenses in this system of insurance is inequitable.**

e.—**Good management.**

Every life premium, under **The Level Premium System**, is composed of three elements, as follows.- (1) THE RESERVE ELEMENT; (2) THE MORTALITY ELEMENT; (3) THE EXPENSE ELEMENT. Table No. 1 gives these elements of an ORDINARY LIFE PREMIUM, for $1,000 of insurance, at every age from 10 to 99, inclusive, according to THE ACTUARIES' TABLE of Mortality and 4 per cent. interest. These elements are thoroughly discussed in previous pages, commencing at page 61.

Every life premium under **The Natural Premium System** is composed of two elements.—(1) THE MORTALITY ELEMENT—which is also the *reserve*—(2). THE EXPENSE ELEMENT. Table No. 1½ gives these elements of a natural premium, for $1,000 of insurance, at every age from 10 to 99, inclusive, according to THE ACTUARIES' TABLE of Mortality, and 4 per cent. interest.

By comparing col. (1), Table No. 1½, with col. (6), Table No. 16, they will be found to be the same. That is to say, in **The Natural Premium System**, the expressions, *legal reserve*, *natural net premium*, and *mortality element*, when used with reference to the same gross premium, mean *precisely the same*. To illustrate.—The gross natural premium to insure $1,000 for one year, at age 30, is $10.80, reference being had to col. (3), Table No. 1½. This premium is composed of the following elements:

1.—MORTALITY ELEMENT	$ 8.10
2.—EXPENSE ELEMENT	2.70
GROSS PREMIUM	$10.80

The *mortality element* ($8.10), at the beginning of the year, is also the *legal reserve*, and the *net premium* to insure $1,000 for one year. The *mortality element*, the *net premium*, and the *legal reserve* are synonymous terms when applied to the *same gross natural premium*, at the *beginning* of the year, or fractional part thereof designed to be covered by the premium.

To further illustrate the nature and office of the *legal reserve* in **The Natural Premium System**, and in what respect it differs from the *legal reserve* in **The Level Premium System**, let it be assumed that a person, at age 40, insures, the same day, for $10,000 under each system. He has two policies—one is for $10,000 on THE LEVEL PREMIUM PLAN; the other is for $10,000 on THE NATURAL PREMIUM PLAN. He pays, in advance, to the

LEVEL PREMIUM company, $315.70, or thereabouts, and to the NATURAL PREMIUM company, say, $132.80.

THE LEVEL PREMIUM is made up of the following elements:

(1.).—THE RESERVE ELEMENT.... ..... $138.60
(2.).—THE MORTALITY ELEMENT..... 98.20
(3.).—THE EXPENSE ELEMENT..... 78.90

Gross Level Premium.....$315.70

THE NATURAL PREMIUM is made up of the following elements:

(1.).—THE LEGAL RESERVE or THE MORTALITY or THE NET ANNUAL PREMIUM } Element.... $ 99.60
(2.).—THE EXPENSE Element... .... 33.20

Gross Natural Premium.....$132.80

The *"Expectation of life,"* at 40, is a fraction over 27 years; call it 27, even. The two following tables, A and B, show very clearly the difference between the *legal reserve* of a **Level Premium** and the *legal reserve* of a **Natural Premium**, both as to the offices they perform, and the results as shown in the amounts of insurance in force from year to year respectively.

TABLE A.

Showing the legal reserve, and the amount of Insurance at risk, at the beginning, and, also, at the end of each year, on a Ten Thousand Dollar Ordinary Life Policy issued at Age 40, under the Level Premium System.

AGE.	Beginning of each Policy Year.		End of each Policy Year.	
	Legal Reserve, Actuaries' 4 per cent.	Amount of Insurance, at risk.	Legal Reserve, Actuaries' 4 per cent.	Amount of Insurance, at risk.
	Col 1.	Col. 2.	Col. 3.	Col. 4.
40	$236.80	$9,763.20	$144.12	$9,855.88
41	380.92	9,619.08	293.13	9,706.87
42	529.93	9,470.07	447.02	9,552.98
43	683.82	9,316.18	605.47	9,394.55
44	842.25	9,157.75	767.93	9,232.07
45	1,004.73	8,995.27	934.17	9,065.83
46	1,170.97	8,829.03	1,103.57	8 896.43
47	1,340.37	8,659.63	1,276.04	8,723.96
48	1,512.84	8,487.16	1,451.38	8,548.62
49	1,688.18	8,311.82	1,629.67	8,370.33
50	1,866.47	8,133.53	1,810.60	8,189.40
51	2,047.40	7,952.60	1,993.98	8,006.02
52	2,230.78	7,769.22	2,179.61	7,820.39
53	2,416.41	7,583.59	2,367.31	7,632.69
54	2,604.11	7,395.89	2,557.01	7,442.89
55	2,793.81	7,206.19	2,748.48	7,251.52
56	2.985.28	7,014.72	2,941.44	7,058.56

TABLE A.—Continued.

Age.	Beginning of each Policy Year.		End of each Policy Year.	
	Legal Reserve, Actuaries' 4 per cent.	Amount of Insurance, at risk.	Legal Reserve, Actuaries' 4 per cent.	Amount of Insurance, at risk.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.
57	3,178 24	6,821.76	3,135·93	6,864.07
58	3,372.73	6,627.27	3,331.67	6,668.33
59	3,568.47	6,431.53	3,528.39	6,471.61
60	3,765.19	6,234.81	3,725.41	6,274.59
61	3,962.21	6,037.79	3,922.48	6,077.52
62	4,159.28	5,840.72	4,119.10	5,880.90
63	4,355.90	5,644.10	4,314.98	5,685.02
64	4,551.78	5,448.22	4,509.67	5,490.33
65	4,746.47	5,253.53	4,702.89	5,297.11
66	4,939.69	5,060.31	4,894.04	5,105.96
67	5,130.84	4,869.16	5,082.95	4,917.05

NOTE 1.—The *legal reserve*, at the *beginning* of the *first* policy year, after payment of *first* annual premium, is $236.80, which is also the net annual premium—see Col. (1) above. The amount of insurance, *at risk*, at this time, see Col. (2), is the face of the policy, $10,000, less the *legal reserve*, $236.80, or $9,763.20! The *legal reserve* at the *end* of the first policy year, is $144.12, see Col. (3), and the amount of insurance, *at risk*, at this time, is the face value of the policy, $10,000, less the *legal reserve*, $144.12, or $9,855.88. The *legal reserve*, at the *beginning* of the *second* policy year, age 41, is the *legal reserve* at the end of the last preceding year, $144.12, added to the net annual premium, at 40, $236.80, or $380.92. The amount *at risk*, at the beginning of the second policy year, is the face value of the policy, $10,000, less the *legal reserve*, $380.92, or $9,619.08. The *legal reserve* at the *end* of the *second* year is $293.13, and the amount of insurance, *at risk*, is the face value of the policy, less the legal reserve, or $9,706.87; and so on.

NOTE 2.—It will be noticed that the *legal reserve* at the *beginning* of any policy year is larger than at the *end* of the *same* year; compare Col. (1) with Col. (3). This is owing to the fact that the *legal reserve* at the beginning of every year is made up of the *legal reserve* at the end of the last preceding year increased by the *net annual premium*, which latter contains the *mortality* element used in payment of current death losses, during the year.

NOTE 3.—If the insured were to die, immediately after the payment of his first annual premium, the *company* would pay $10,000. This $10,000 would be raised from two sources, (1) the *legal reserve*—$236.80—and (2) $9,763.20 from the mortality elements of all the premiums of *surviving* policy-holders. In other words, the insured, *himself*, would pay $236.80 of his own policy If the insured were to die at the *end* of the first policy year, before paying his second annual premium, he would contribute

$144.12 toward the payment of his own policy, and the balance, $9,855.88, would come from the mortality elements of the surviving policy-holders' premiums. By looking along down Col. (1), from age 40 to 67, inclusive, it will be seen how much the insured would contribute to the payment of his own policy, if death were to occur at the beginning of any policy year; and, by examining the amounts in Col. (3), it may be seen what would be contributed, by a policy-holder, insured for $10,000, at age 40, toward the payment of his **own death claim**, should death occur at the *end* of any policy year named.

NOTE 4.—As has been said in preceding pages, over and over again, the **legal reserve** under **the Level Premium System** means **accumulation!** In the above example, the *legal reserve* at the *end* of the first policy year, is $144.12; at the *end* of the *fifth* policy year, it is $767.93; at the end of the tenth policy year, age 49, it is $1,629.67, and so on, through the entire 27 years of the policy-holders' expectancy—and as much longer as the policy is kept in force—continually *increasing*. When the insured attains the age of 67, having lived out the full average of life, and *paid his full share of death losses and expenses* **thus far**, the company still has in its possession $5,082.95, in the **legal reserve**, not one single penny of which can ever be used, *lawfully*, in payment of the current *death losses* or *expenses*. The policy-holder, under this assumed example, although the policy is $10,000, and it is spoken of as being $10,000 **of insurance**, is *never* insured for $10,000! At the end of the first year his insurance is the **amount at risk**, or $9,855.88, and this is the largest amount of insurance he can ever have under this policy contract, unless *dividends* be used in purchase of additions to the policy. At the end of 27 years he has only $4,917.05 of insurance. If he were to live and keep his policy in force 33 years longer, until the age of 100, the *legal reserve* would then just equal the face value of the policy, and he would have not *one penny of insurance!*

NOTE 5.—It should be constantly kept in mind, when looking over the above table, that the maximum amount that the insured can ever be called upon to pay, in any one year, is the **gross annual premium** named in the contract, which, in this assumed case, is $315.70. It may be *less*, but it can never be *more*. If the company's mortality be less than that indicated by THE ACTUARIES' TABLE OF MORTALITY, there will be a dividend that can be used in reduction of this premium. If the Company realize more than 4 per cent. interest on the reserves in Col. (3), there will be a dividend from *that* source. If the expense element be not all used from year to year, a dividend will arise from that source. Chapter VI. explains, in detail, the principle sources of dividends under THE LEVEL PREMIUM SYSTEM.

It should also be borne in mind, in this connection, that every

policy-holder under **The Level Premium System** pays his share of the death losses, in proportion to the amount of risk the company is carrying on him. In the example assumed the *amount of insurance at risk,* continually *diminishes* as the amount of *legal reserve increases.*

NOTE 6.—At age 40, the actual cost to the company, according to THE ACTUARIES' TABLE OF MORTALITY AND 4 PER CENT. INTEREST—see Table No. 16—to carry $10,000 of insurance, one year, is $99.60; at age 67, it is $494.90, or nearly five times as much as at 40! Were no reserve kept in hand to reduce the amount of insurance *at risk,* under THE LEVEL PREMIUM SYSTEM, the annual rate of premiums would necessarily *increase.*

TABLE B.

Showing the legal reserve, and the amount of Insurance, at risk, at the beginning, and, also, at the end of each year, on a Ten Thousand Dollar Life Policy issued at Age 40, under the Natural Premium System.

	Beginning of each Policy Year.		End of each Policy Year.	
AGE.	Legal Reserve, Actuaries' 4 per cent.	Amount of Insurance at risk.	Legal Reserve, Actuaries' 4 per cent.	Amount of Insurance at risk.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.
40	$99.60	$9,900.40	Nothing.	$10,000
41	102.00	9,898.00	Nothing.	10,000
42	104.80	8,955.20	Nothing.	10,000
43	108.20	9,891.80	Nothing.	10,000
44	112.50	9,887.50	Nothing.	10,000
45	117.40	9 882.60	Nothing.	10,000
46	123.50	9,876.50	Nothing.	10,000
47	130.00	9,870.00	Nothing.	10,000
48	137.10	9,862.90	Nothing.	10,000
49	144.80	9,855.20	Nothing.	10,000
50	153.30	9,846.70	Nothing.	10,000
51	162.50	9,837.50	Nothing.	10,000
52	172.60	9,827.40	Nothing.	10,000
53	183.60	9,816.40	Nothing.	10,000
54	195.30	9,804.70	Nothing.	10,000
55	208.30	9,791.70	Nothing.	10,000
56	222.40	9,777.60	Nothing.	10,000
57	237.30	9,762.70	Nothing.	10,000
58	253.70	9,746.30	Nothing.	10,000
59	271.60	9,728.40	Nothing.	10,000
60	291.70	9,708 30	Nothing.	10,000
61	313.60	9,686.40	Nothing.	10,000
62	337.70	9,662.30	Nothing.	10,000
63	363.80	9,636.20	Nothing.	10,000
64	392.60	9,607.40	Nothing.	10,000
65	423.90	9,576.10	Nothing.	10,000
66	457.80	9,542.20	Nothing.	10,000
67	494.90	9,505.10	Nothing.	10,000

NOTE 1.—The *legal reserve,* at the *beginning* of the first policy year, as shown in Col. (1), is 99.60, and the amount of insurance

is $9,900.40. At the end of the year, the *legal reserve* is **nothing**, and the amount of insurance at risk is $10,000. The *legal reserve* at the *beginning* of each policy year, from age 40 to age 67, is from $99.60 at the *former* age to $494.90 at the latter age; but, at the end of each year, no *legal reserve* is required. The *legal reserve* at the beginning of *any* policy year is used, gradually, in payment of current death losses, until, at the end of the same year, there is nothing remaining.

The Net Premiums, above, are obtained by mathematical calculations; but the *loading* of these net premiums to obtain the corresponding **Gross Premiums** is entirely arbitrary. The loading of course is for expenses, and every company has its own peculiar notions with reference to it.

I.—Column (5), Table No. 16 contains all the Net Annual Level Premiums, according to the Actuaries Table of Mortality and 4 Per Cent. Interest, to insure *$1,000 for the whole of life*, at Ages from 10 to 99, inclusive. By loading these *Net Rates*, say 33⅓ per cent., we obtain Col. (4), Table No. 1, which contains the **Gross Annual Level Premiums** for insuring the same amounts at the same ages, for the same time.

II.—Column (6), Table No. 16, contains all the Net Annual *Natural* Premiums, according to the Actuaries' Table of Mortality and 4 Per Cent. Interest, to insure *$1,000 for one year*, at Ages from 10 to 99, inclusive. By Loading these *Net Rates*, say 33⅓ per cent., we obtain Col. (3), Table No. 1½, which contains the **Gross Annual Natural Premiums** for Insuring the same amounts, at the same ages, for the same time.

III.—Column (5), Table No. 17, contains all the Net Annual *Level* Premiums, according to the American Experience Table of Mortality and 4 Per Cent. Interest, to insure *$1,000 for the whole of Life*, at Ages from 10 to 95, inclusive. By Loading these *Net Rates*, say 33⅓ per cent., we obtain the **Gross Annual Level Premiums** for insuring the same amounts, at the same ages, for the same time.

IV.—Column (6), Table No. 17, contains all the Net Annual *Natural* Premiums, according to the American Experience Table of Mortality and 4 Per Cent. Interest, to insure *$1,000 for one year*, at ages from 10 to 95, inclusive. By loading these *Net Rates*, say 33⅓ Per cent., we obtain the **Gross Annual Natural Premiums** for insuring the same amount, at the same ages, for the same time.

TABLE C.

SHOWING THE **Net** AND **Gross** NATURAL PREMIUMS, ACTUARIES' 4 PER CENT.; ALSO THE **Net** AND **Gross** NATURAL PREMIUMS, AMERICAN 4 PER CENT., TO INSURE $1,000 FOR ONE YEAR.

AGE.	ACTUARIES' 4 PER CENT.		AMERICAN 4 PER CENT.	
	Net Natural Premium to insure $1,000, one year.	Gross Natural Premium to insure $1,000, one year.	Net Natural Premium to insure $1,000, one year.	Gross Natural Premium to insure $1,000, one year.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.
20	$7.01	$9.35	$7.50	$10.00
21	7.09	9.45	7.55	10.07
22	7.18	9.57	7.60	10.13
23	7.27	9.69	7.65	10.20
24	7.37	9.83	7.70	10 27
25	7.47	9.96	7.75	10.33
26	7.58	10.11	7.82	10.43
27	7.70	10.27	7.88	10.51
28	7.83	10.44	7.95	10.60
29	7.96	10.61	8.02	10 69
30	8.10	10.80	8.10	10.80
31	8.25	11.00	8.18	10.91
32	8.41	11.21	8.28	11.04
33	8.58	11.44	8.38	11.17
34	8.75	11.67	8.49	11.32
35	8.93	11.91	8.60	11.47
36	9.12	12.16	8.74	11.65
37	9.31	12.41	8.88	11 84
38	9.53	12.71	9.05	12.07
39	9.74	12.99	9.22	12.29
40	9.96	13.28	9.42	12.56
41	10.20	13.60	9.62	12.83
42	10.48	13.97	9.86	13.15
43	10.82	14.43	10.11	13.48
44	11.25	15.00	10.41	13.88
45	11.74	15.65	10.73	14.31
46	12.35	16.47	11.12	14.83
47	13.00	17.33	11.54	15.39
48	13.71	18.28	12.03	16.04
49	14.48	19.31	12.60	16.80
50	15.33	20.44	13.25	17.67
51	16.25	21.67	13.98	18.64
52	17.26	23.01	14.80	19.73
53	18.36	24.48	15.71	20.95
54	19.53	26.04	16.73	22.31
55	20.83	27.77	17.86	23.81
56	22.24	29.65	19.12	25.49
57	23.73	31.64	20.52	27.36
58	25.37	33.83	22.05	29.40
59	27.16	36.21	23.77	31.69
60	29.17	38.89	25.67	34.23
61	31.36	41.81	27.77	37.03
62	33.77	45.03	30.09	40.12
63	36.38	48.51	32.64	43.52
64	39.26	52.35	35.46	47.28

TABLE C.—CONTINUED.

AGE.	ACTUARIES' 4 PER CENT.		AMERICAN 4 PER CENT.	
	Net Natural Premium to insure $1,000, one year.	Gross Natural Premium to insure $1,000, one year.	Net Natural Premium to insure $1,000, one year.	Gross Natural Premium to insure $1,000, one year.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.
65	$42.39	$56.52	$38.59	$51.45
66	45.78	61.04	42.03	56.04
67	49.49	65.98	45.82	61.09
68	53.49	71.32	50.00	66.67
69	57.78	77.04	54.58	72.77
70	62.44	83.25	59.61	79.48
71	67.46	89.95	65.07	86.76
72	72.89	97.18	70.81	94.41
73	78.73	104.97	77.09	102.79
74	85.07	113.43	83.68	111.57
75	91.89	122.52	90.74	120.99
76	99.21	132.28	98.38	131.17
77	107.18	142.91	106.79	142.39
78	115.81	154.41	116.18	154.91
79	125.06	166.75	126.67	168.83
80	135.01	180.01	138.91	185.21
81	145.61	192.01	152.89	203.85
82	156.92	209.23	167.59	223.45
83	169.15	225.53	184.19	245.59
84	182.38	243.17	203.23	270.97
85	197.21	262.95	226.49	301.99
86	213.92	285.23	255.46	340.61
87	232.92	310.56	291.37	388.49
88	255.07	340.09	333.36	444.48
89	281.14	374.85	380.64	507.52
90	311.28	415.04	437.06	582.75
91	347.10	462.80	511.98	682.64
92	389.68	519.57	609.86	813.15
93	439.64	586.19	705.94	941.25
94	496.45	661.93	824.18	1,098.91
95	561.80	749.07	961.54	1,282.05
96	623.70	831.60		
97	665.68	887.57		
98	721.15	961.53		
99	961.54	1,282.05		

Note 1.—THE GROSS PREMIUMS in Table C. (2) and (4), are the NET PREMIUMS, (1) and (3), loaded 33⅓ per cent. This *uniform per centum* loading is not equitable, and Table C. is given, principally, to illustrate that it is not, in this kind of insurance. By subtracting (1) from (2); or, (3) from (4), at any age in the table, the loading is ascertained, and this is the contribution, of every policy-holder insured for $1,000 at the selected age, toward the payment of the company's expenses for *one year*. By comparing columns (3) and (4), it will be seen that for each $1,000 of insurance, the *expense charge*,—loading—, is as follows: At age *twenty*, $2.50; at age thirty, $2.70; at age *forty*, $3.14; at age *fifty*, $4.42; at age *sixty*, $8.56; at age *sixty-five*, $12.86; at age *seventy*, $19.87; at age *seventy-five*, $30.25; at age *eighty*, $46.30;

at age *eighty-five*, $75.50, and, similarly, with reference to intermediate and still older ages. In THE NATURAL PREMIUM SYSTEM, the premium is fixed for only *one year*. The *next* year, it is higher; and the next, *still* higher, and so on. It is rather difficult to understand why a policy-holder at age *seventy*, insured for $1,000, should be required to pay $19.87 as his proportion of the expenses for *one year*, while another policy-holder insured in the same company for the same amount, at age *forty*, is required to pay only $3.14 as his contribution to the expense fund for the *same* year. This inequity is the result of a *uniform per centum loading* on an *annually increasing* NET PREMIUM.

One of our LEVEL PREMIUM Companies that has issued some policies on **The Natural Premium Plan**, calling them "YEARLY RENEWABLE POLICIES," charges, *the first year*, very nearly the LEVEL PREMIUM rate, after which the rate drops to the *natural net premium* loaded about seventy-five per cent., and—increases annually thereafter, during the balance of life. For instance, the gross rate at age 25, for $1,000 of insurance, the *first* year, is $18.84; the *second* year, it is $13.54; the *third* year, age *twenty-seven*, it is $13.63; the *tenth* year, when the insured has attained the age of *thirty-four*, it is $14.35; the *fifteenth* year, at age *thirty-nine*, it is $15.22; the *twentieth* year, age *forty-four*, it is $16.65; the *twenty-sixth* year, age *fifty*, it is $20.09; the *thirty-first* year, at age *fifty-five*, it is $25.70; the *thirty-sixth* year, age *sixty*, it is $35.34; the *forty-first* year, at age *sixty-five*, it is $51.63; and, the *forty sixth* year, when at the age of *seventy*, it is $79.16 for each $1,000 of insurance, annually increasing, thereafter, as the policy-holder's age increases.

Assuming that the net rates of the company referred to are based on the AMERICAN EXPERIENCE TABLE OF MORTALITY AND 4 PER CENT. INTEREST, they are the same as those contained in col. (3) of our table C. The net rate, therefore, for $1,000 of insurance at age 25, the first year, is $7.75, but the company charges for *this first year*, $18.84, which is the net premium loaded over 143 per cent. The *second* year the company charges $13.54. The net premium is $7.82. The net premium is therefore loaded more than 73 per cent. to produce the Gross Premium. At age *fifty*, the *net* rate is $13.25, and the company's *gross* rate is $20.09, which shows a loading of nearly 52 per cent. At age seventy, the *net* rate is $59.61, and the company's *gross* rate is $79.16, showing a loading of only about 33 per cent. The company gives no rating after 70. From age 50 to 70, the loading varies from 52 to 33 per cent. of the net rates. It was probably discovered that a *uniform* per centum loading is not equitable and hence a remedy was attempted by grading the loading from ages 26 to 70, inclusive, from 73 to 33 per cent. This grading is an *improvement* but not a *remedy*.

The gross rates of this company are non-participating; that

is, a policy holder receives no dividends, and, therefore, there is no adjustment, from year to year, of *over charges* for mortality or expenses.

Some ten or fifteen years ago there began to be manifested a pretty general demand for cheaper insurance. Men in our best business circles wanted life insurance *for the productive period* of *life* in addition to what they called "*permanent*" insurance. To supply this demand assessment societies sprang into existence all over this country. They came like the locusts of Egypt. They were liberally patronized.

For a few years the death rate was low and the assessments few. The membership believed, as they were ignorantly taught, that the death rate would never be *much* higher, if any, and henceforth life insurance was to be obtained at a reasonable price. These societies were organized, almost without exception, by men ignorant of the fundamental principles of life insurance. The results were what every intelligent insurance man predicted. But the *demand* for cheap, temporary insurance remained.

About this time Mr. Sheppard Homans, actuary for sixteen years of the Mutual Life Insurance Company, of New York, directs his attention to the demand for cheap insurance. From his familiarity with life insurance mathematics and vital statistics Mr. Homans knew that this demand must be supplied from the natural premiums. His first attempt was not successful. In 1883 he revised his plan, which met with very general favor. The plan is fully analyzed in the former editions of "THE THREE SYSTEMS OF LIFE INSURANCE." In the latter part of 1886, he again revised his plan, which, together with other natural premium plans may be found in the following pages:

I. SHEPPARD HOMAN'S NATURAL PREMIUM PLAN AS OPERATED BY THE PROVIDENT SAVINGS LIFE ASSURANCE SOCIETY OF NEW YORK.

Three forms of policies are now issued as follows:

1. NON-PARTICIPATING FORM.

"The Provident Savings Life Assurance Society of New York, in consideration of the application herefor, and of the conditions and agreements on the back of this policy, all of which are a part of this contract, and in consideration also of the payment of .....dollars and.....cents doth hereby promise to pay to..... (the beneficiary under this policy), or to the legal representatives or assigns of said beneficiary, at its

office in the city of New York, the sum of..... within ninety days after acceptance of satisfactory proof at its office in the city of New York, of the death of..... of....., County of..... and State of..... (the insured under this policy), provided such death shall occur before 12 o'clock, noon, on the.....day of.....A. D., 188...

And the said Society further agrees to renew and extend this Insurance, during each successive quarter year from date hereof, upon the payment, on or before the.....days of..... and.....in each successive year during the life of the insured, of the premiums for the actual age attained, in accordance with the schedule rate printed on the back of this policy, on each one thousand dollars insured.

Subject to the stipulations regarding payment of premiums and extra hazardous occupations, claim under this policy by death occurring two or more years after its date will be incontestable, except for fraud in obtaining this policy.

In witness whereof," etc., etc.

On the back of the above is printed the following:

"CONDITIONS AND AGREEMENTS REFERRED to in the body of this policy."

SECTION 1. *This policy does not go into effect until the first premium shall have been actually paid. No agent is, or will be, authorized to make, alter or discharge this contract, or to waive any forfeitures thereof, or to grant permits, or to receive for premiums anything but cash.*

SECTION 2. *Premiums are due and payable to the Society, at its office in the city of New York, but may be paid to an authorized agent on or before the dates when due, but only in exchange for a receipt signed by the President or Secretary, and countersigned by the Agent.*

SECTION 3. *This policy is issued on the non-participating plan. The Society agrees, from each renewal premium paid on this and upon all other non-participating policies, to deposit in the* **Death Fund,** *an amount equal to that paid to said fund on account of each participating policy of similar age and amount. The* **Death Fund** *is used solely in settlement of death claims, and claim under this Policy will be paid from said Fund.*

SECTION 4. No assignment of this Policy shall be valid unless in writing, and notice thereof in writing given the Society, and any claim arising under this Policy shall be subject to satisfactory proof of interest.

SECTION 5. This Form of Policy may be exchanged at any time after the insured attains the age of sixty years, for one on

the Level or Uniform Premium Plan for the same amount, at the unchanging rate for the then actual age attained as printed below.

LEVEL PREMIUMS TO SECURE $1,000, PAYABLE AT DEATH. OTHER AMOUNTS IN THE SAME PROPORTION.

Age.	Annual.	Semi-Annual.	Quarterly.
60	$61.45	$31.96	$16.62
61	64.64	33.60	17.47
62	68.04	35.38	18.40
63	61.69	37.28	19.40
64	75.58	39.30	20.44
65	79.75	41.48	21.59
	&c.	&c.	&c.

QUARTERLY PREMIUMS TO RENEW AND EXTEND AN INSURANCE OF $1,000. OTHER AMOUNTS IN THE SAME PROPORTION.

Actual Age Attained.	Quarterly rates to renew each $1000.	Actual Age Attained.	Quarterly rates to renew each $1,000.
15–25	$3.03	46	$3.92
26	3.05	47	4.04
27	3.07	48	4.17
28	3.08	49	4.32
29	3 10	50	4.49
30	3.12	51	4.69
31	3.15	52	4.91
32	3.17	53	5.15
33	3.20	54	5.42
34	3.23	55	5.73
35	3.26	56	6.07
36	3.29	57	6.45
37	3.33	58	6.87
38	3.38	59	7.34
39	3.42	60	7.86
40	3.47	61	8.44
41	3.53	62	9.08
42	3.59	63	9.79
43	3.66	64	10.51
44	3.74	65	11.45
45	3.82	..	.....

2. PARTICIPATING FORM.

The rates on this form are as follows:

MAXIMUM QUARTERLY PREMIUMS to be reduced, in each case, by the surplus portion of the preceding payments not

needed for the Death Fund and the Guaranty Fund, as per contract, to renew and extend an insurance of $1,000. Other amounts in the same proportion.

AGE.	Maximum Quarterly Rates to Renew each $1,000.	AGE.	Maximum Quarterly Rates to Renew each $1,000.
15-25	$3.71	46	$4.90
26	3.73	47	5.05
27	3.76	48	5.22
28	3.78	49	5.43
29	3.81	50	5.66
30	3.83	51	5.92
31	3.86	52	6.21
32	3.89	53	6.53
33	3.93	54	6.90
34	3.97	55	7.31
35	4.01	56	7.76
36	4.06	57	8.27
37	4.11	58	8.83
38	4.17	59	9.45
39	4.23	60	10.14
40	4.30	61	10.91
41	4.37	62	11.77
42	4.45	63	12.71
43	4.54	64	13.76
44	4.65	65	14.94
45	4.76	..	.....

"The expense portions of each Quarterly Premium (included in above rates) is limited to *one dollar* on each *one thousand dollars insured;* the residue is the insurance portion of the Premium."

In place of Section 3, in the above Policy, is the following:

"Seventy-five per cent. of the insurance portion of each Renewal Premium paid hereon will be at once deposited in the Hanover National Bank, of New York, or such other bank as may be designated by the Directors, and shall constitute the **Death Fund**, to be used solely in the settlement of death claims. The residue, namely, twenty-five per cent. thereof, will be deposited with the Farmers' Loan and Trust Company, or such other depository as may be designated by the Directors, or invested in trust in such securities as are authorized by law for the investments of Trust Companies as a **Guaranty Fund**. The surplus of amounts thus contributed by each policy remaining in force at the expiration of ten years from its date of issue, and at the end of each five years, thereafter, will be applied to lessen future premiums, or will be repaid in cash should the assured at such time so elect."

Also on face of policy the words, "*less the return premium awarded hereon,*" are added to the end of fourth line, above the

words, "In witness whereof." In every other respect the wording of the two forms of policies is the same.

3. Partnership Form.

This policy is issued on the non-participating plan, with such changes as are necessary to indemnify the Partnership Firm against damage, etc., occurring from the death of one or more of the partners. Send to the Company for full Form.

This Company was organized as a regular Life Insurance Company under the laws of the State of New York and is authorized to do any kind of insurance that Level Premium Companies are under that law. Its management is by a board of competent business men, and is conducted with the strictest economy, under the direction of a competent president and an efficient secretary.

II. THE LIFE INDEMNITY AND INVESTMENT COMPANY OF WATERLOO, IOWA.

MATT PARROTT, President. C. E. MABIE, Secretary.

Organized 1881, under the Insurance Laws of the State of Iowa. One of the special features of this company is its **Natural Premium Plan**, under which a definite amount of insurance is claimed to be furnished at a less cost to the insured, than by any other system thus far operated in this country. The following is a copy of the policy and the rates:

No..... Amount, $... ..... Age.....

The Life Indemnity and Investment Company,
Home Office, Waterloo, Iowa.

In Consideration of the statements and agreements in the application for this insurance, which are hereby made a part of this contract, and of the sum of.... ....Dollars and.....Cents to it in hand paid by the applicant, receipt of which is hereby acknowledged,

DOES HEREBY INSURE

the life of..... ...of.....in the County of..... ..... State of.....(hereafter called the insured) in the sum of .....Dollars, for.....months from date hereof.

And the said Company further promises and agrees to continue this insurance without medical re-examination for other ensuing equal terms of.....months each, so long as the insured may desire, upon conditions that he pay to said Company on or before 12 o'clock, noon, of the last day of the expiring term the premium required in the table of rates printed herein opposite the nearest even age that the insured shall have then attained.

Should the policy become a legal claim by reason of the death of the insured, the said Company hereby promises to pay the said sum of... .....Dollars to.....if living; or, if not living, to the legal representatives or assigns of said.....

at its office in the City of Waterloo, State of Iowa, within sixty days after receipt of satisfactory proof of interest, and of the death of the said insured, during the continuance of this contract or any renewal thereof.

This Policy, after two years from date hereof, all its provisions having been complied with, shall be incontestable except for fraud or non-payment of premium when due, and such Policy shall be paid immediately upon receipt of satisfactory proofs as aforesaid.

This Policy is issued upon conditions that the provisions and requirements printed or written by said Company on the back of the same are accepted by the insured and the assured as fully as if they were recited at length over the signatures hereto affixed.

In Witness Whereof, the said The Life Indemnity and Investment Company, has caused this Policy to be signed by its President and Secretary at its office in the City of Waterloo, State of Iowa, on this, the.....day of.....A. D. One Thousand Eight Hundred and Eighty.... ...

.....Secretary. .....President.

PROVISIONS AND REQUIREMENTS REFERRED TO IN THIS POLICY.

The legal reserve on this policy—Actuaries' four per cent.—is required to be invested in interest bearing securities, and deposited with the State Auditor, according to Chapter 5 of the laws of the State of Iowa, Code of 1873, Sections 1164 and 1179.

It is hereby agreed by all parties in interest to this contract, that whenever a premium shall have been paid on this policy, a certain part thereof, amounting to five per cent. of the net Natural Premium at the then age of the insured, together with similar amounts from premiums paid on all other policies issued by this Company on this plan, shall be invested in United States bonds, bond and mortgage, or other interest bearing securities, and deposited in trust to the credit of this Company, with a Trust Company, or with one or more of the Departments of Insurance of the States in which this Company may be doing business. These deposits, with net interest earnings thereon, invested and deposited in the same way, shall constitute a GUARANTY FUND, no portion of which shall be used until it shall have amounted to $100,000, except as hereinafter provided.

(1) Should the mortality of the Company exceed that of the table upon which its rates are based during any year, said fund may be drawn upon in payment of death losses.

(2) When said Guaranty Fund shall have amounted to $100,000, its available net interest earnings thereafter shall be annually divided among such policy holders as shall have contributed during the last preceding five or more years to said fund, by applying the same in payment of future premiums when due.

(3) Whenever said Guaranty Fund shall amount to $500,000, all subsequent receipts therefor shall be divided by said Company in like manner as the interest.

(4) In addition to the benefits arising under the Guaranty Fund above, this policy will be credited with its distributive share of the surplus, as apportioned by the Company, at the expiration of five years from the date of issue, if then in force, and annually thereafter so long as it shall remain in force. All surplus so apportioned may be applied to the purchase of additional insurance or in payment of future premiums on this policy.

(5) The contract between the parties hereto is completely set forth in this policy and the application therefor, taken together, and none of its terms can be modified, nor any forfeiture under it

waived, except by an agreement in writing, signed by the President, Vice President, Secretary or Actuary, whose authority for this purpose will not be delegated.

(6) No assignment of this policy shall take effect until written notice thereof shall be received by the Company.

(7) If this policy should not be renewed at the end of the term for which the premium has been paid, it may be revived within sixty days thereafter; *provided* the insured furnish a certificate of health from an accredited medical examiner of the Company, satisfactory to and accepted by the Medical Director of said Company, and provided, also, that he pay the proper premiums, and that none of the conditions and agreements contained in this policy shall have been violated.

This policy shall not take effect until the first premium hereon shall have been actually paid, either to said Company or an accredited agent thereof, during the good health of the insured. All premiums that shall become due under this contract must be paid at the Home Office of said Company, or at such other place as the Company may designate, or to agents when they produce receipts signed by the President or Secretary of said Company; and when not so paid on or before the several days hereinbefore mentioned for the payment thereof, then and in every such case this policy shall cease and determine.

The annexed is the table of rates referred to in the body of this policy.

NATURAL PREMIUMS FOR EACH $1,000 OF INSURANCE.

AGE.	QUARTERLY PREMIUM.	SEMI-ANNUAL PREMIUM.	ANNUAL PREMIUM.	AGE.	QUARTERLY PREMIUM.	SEMI-ANNUAL PREMIUM.	ANNUAL PREMIUM.
21	2.51	4.92	9.45	46	3.97	7.79	14.97
22	2.53	4.97	9.54	47	4.15	8.14	15.65
23	2.56	5.02	9.64	48	4.35	8.53	16.40
24	2.59	5.07	9.74	49	4.57	8.85	17.21
25	2.62	5.13	9.85	50	4.80	9.42	18.10
26	2.64	5.18	9.96	51	5.06	9 92	19.07
27	2.68	5.25	10.09	52	5.34	10.47	20.13
28	2.72	5.32	10.23	53	5.64	11.07	21.28
29	2.75	5.39	10.36	54	5.97	11.71	22.51
30	2.79	5.47	10.51	55	6.33	12.42	23.88
31	2.83	5.55	10.67	56	6.73	13.19	25.36
32	2.88	5.64	10.84	57	7.14	14.00	26.92
33	2.92	5.73	11.01	58	7.59	14.90	28.64
34	2.97	5 82	11.19	59	8.09	15.88	30.52
35	3.02	5.92	11.38	60	8.65	16.97	32.63
36	3.07	6.03	11.58	61	9.26	18.17	34.93
37	3.13	6.13	11.78	62	9.93	19.49	37.46
38	3.19	6.25	12.01	63	10.66	20.91	40.20
39	3.25	6 36	12.23	64	11.46	22.48	43.23
40	3.31	6.48	12 46	65	12.33	24.19	46.51
41	3.37	6.61	12.71				
42	3.45	6.77	13.01				
43	3.50	6.96	13.37				
44	3·58	7.19	13.82				
45	3·67	7.46	14.33				

Rates for ages above 65 will be furnished on application.

When the first premium as above is paid, the following additional expense charges are added for the purpose of paying the expense of procuring the risk and paying Medical Examination fee:

On $1,000 of Insurance	$ 8.00
On 2,000 of Insurance	13.00
On 3,000 of Insurance	17.00
On 4,000 of Insurance	20.00
On 5,000 of Insurance	22.00
On 10,000 of Insurance	32.00

These charges are required only on the first payment; after the first payment the amount stated in the above table, which is printed or written by the company in each policy, is the limit that can be charged or required under the policy.

As each policy provides for a distribution of surplus each year after it has been in force five years, it is believed, by the Company, that these dividends will be sufficient to equal the future increase in the premium. Thus if a person aged 40 insures for $1,000.00, the first annual premium would be $20.46; second, $12.71; third, $13.01; fourth, $13 37; fifth, $13.82; and the gross premium the sixth year $14.33; dividend the sixth year, $0.51; net premium, $13.82. Thus it is calculated that the dividends after the fifth year will equal the increase and make a level premium thereafter. The dividends will arise from several sources: First, from whatever gain may result by reason of the actual losses being less than the number predicted by the Mortality Tables; second, from whatever interest that may be earned on the surplus; third, by reason of gain to those who persist, resulting from the fact that those who withdraw have no claim upon the dividend or surplus funds.

It provides in its natural premium policy for the accumulation of a guaranty fund of $500,000.00; after the accumulation of $100,000.00 the net interest earned will be divided annually among the policy holders who shall have contributed during the past five or more years. The company now has on deposit with the Insurance Department of Iowa over $100,000.00 as a guaranty for the payment of its policies.

The company also issues other forms of insurance: **Ten, Fifteen and Twenty Year Limited Payment Life Policies on the Accumulative Dividend plan. Also, Ten, Fifteen and Twenty Year Bonds** under the **Return Premium plan,** on which the guaranteed cash value is endorsed at the end of third year and each year thereafter. The Reserve, according to the Actuaries' Tables, with interest at 4 per cent., is on deposit with the Insurance Department of Iowa, as required

by the very remarkable **Life Insurance Law:** (See Law, pages 96 and 97.) which has been amended so as to read as follows:

AN ACT to Amend Sections eleven hundred and sixty-nine and eleven hundred and seventy-nine (1169 and 1179) of the Code.

Be it enacted by the General Assembly of the State of Iowa:

SECTION 1. That Sections 1169 and 1179 of the Code of 1873 be amended so as to read as follows:

SECTION 1169. As soon as practicable after the filing of said statement of any company organized and doing business under the laws of this State in the office of the Auditor of State, he shall proceed to ascertain the net cash value of each policy in force upon the basis of the American experience table of mortality and four and one-half per cent. interest; or Actuaries' combined experience table of mortality and four per cent. interest. For the purpose of making such valuations the Auditor may employ a competent actuary to do the same, who shall be paid by the company for which the service was rendered; but nothing herein shall prevent any company from making said valuation herein contemplated, which shall be received by the Auditor upon such proof as he may determine. Upon ascertaining the net cash value of all policies in force in any company organized under the laws of this State, the Auditor shall notify said company of the amount, and within thirty days after the date of such notification, the officers of such company shall deposit with the Auditor the amount of such ascertained valuation of all policies in force in the securities described in section 1179 of this chapter. But no joint stock company organized under the laws of this State shall be required to make such deposit until the cash value of the policies in force as ascertained by the Auditor exceed the amount deposited by said company under section 1162 hereof.

The following is an assumed example of a Twenty Year Bond: Amount of Bond $1,000.00. Age 30. Annual Premium $49.21.

Year.	Total Premium Paid.	Reserve at 4 per cent. Guaranteed.	Year.	Total Premium Paid.	Reserve at 4 per cent. Guaranteed.
1	$ 49.21	$ 31.31	11	$541.31	$433.89
2	98.42	64.00	12	590.52	485.24
3	147.63	98.14	13	639.73	539.09
4	196.84	133.80	14	688.94	595.59
5	246.05	171.09	15	738.15	654.86
6	295.26	210.06	16	787.36	717.06
7	344.47	250.82	17	836.57	782.41
8	393.68	293.43	18	885.78	851.16
9	442.89	338.13	19	934.99	923.59
10	492.10	384.89	20	984.20	1000.00

The amount given in this table as reserve is endorsed on the Bond after the third year and will, as required by the Insurance Laws—as quoted above—be on deposit with the Insurance Department of the State of Iowa. Thus in effect the **State of Iowa**

guarantees the full reserve value under these Bonds. Should death occur while the Bonds are in force the company pays the face of the Bond together with all installments paid. At the maturity of the Bond the holder shares equitably in all surplus accumulated; no dividends are paid, however, during the investment period.

The conservative manner in which this company has been managed; its careful selection of risks, which is evidenced by its mortality not having exceeded 60 per cent. of the Mortality Tables; its location, where it can secure the highest possible rates of interest, and on the best security, because of its location being in the most rapidly developing part of the country, and the fact that its loans must be approved by the State, and confined to the class of securities named in Section 1,179 of the Code as amended:

"SECTION 1,179. No company organized under the provisions of this chapter shall invest its funds in any other manner than as follows: In bonds of the United States. In bonds of this State, or of any other State, if at or above par. In bonds and mortgages on unincumbered real estate within this State, or in any other State in which such company is transacting an insurance business worth at least twice the amount loaned thereon, exclusive of improvements. In bonds of any county, incorporated city, town or independent school district within this State, or in any other State in which such company is transacting an insurance business, where such bonds are issued by authority of law, and are approved by the executive council. In loans upon its own policies; provided that the amount so loaned shall not exceed one-half the reserve against said policy, as provided in this chapter, at the time such loan is made, and that all policies upon which loans are made shall have been issued and in force at least five years."

This, we think, should command the confidence of the public, and justifies us in saying that the policies issued by this company are the nearest possible approach to absolute security.

III. THE IMPERIAL LIFE INSURANCE COMPANY OF DETROIT, MICHIGAN.

C. A. NEWCOMB, PRESIDENT. A. WARING, SECRETARY.

The Imperial Life Insurance Company of Detroit, was organized under the laws of the State of Michigan in August, 1886.

Its authorized capital is $150,000. Of this $118,000 is paid in, of which $100,000 is deposited permanently with the State Treasurer for the security of the policy-holders.

This company makes a specialty of Natural Premium Insurance, on its Natural and Adjusted Natural Premium tables. It

also issues five and ten-year Renewable Term policies, whole life non-participating policies, and endowments of various forms.

Its table rates are based on the Actuaries' table of mortality and four per cent. interest.

Its Natural Premium policies, the five and ten-year Renewable Term policies and Endowment Insurance policies are participating annually after five years, to lessen the rates. The Adjusted Natural Premium policies are participating after the first payment. The net premiums are economically loaded for the expense of management and the rates are consequently low. Its literature is distinct and explicit, and its policies are of excellent form. They contain no restrictions of travel or residence, and if premiums are paid according to contract, are incontestable from date of issue, except for fraud.

Its agencies are already extended into ten states, and the Company concludes 1887, its first calendar year, with nearly three and one-half millions of insurance in force.

The board of management is composed of some of the best business men of Detroit.

IV. THE KANSAS MUTUAL LIFE ASSOCIATION, OF HIAWATHA, KANSAS.

J. P. DAVIS, PRESIDENT. JOHN E. MOON, SECRETARY.

The above named Association was organized at Hiawatha, Kansas, in January, 1882, under the assessment plan of insurance. After a few years experience, however, the management found this system unsatisfactory, and in January, 1886, promulgated its Natural Premium plan based upon the American Tables of Mortality and four and one-half per cent. interest, loaded for expense and reserve.

In 1887, its premium rates were made to conform with the Actuaries' Tables of Mortality and four per cent. interest, so as to enable it to comply with the requirements of any state into which it might enter. These premium rates are upon a solid basis, acknowledged to be so by scientific insurance men, and are in compliance with the highest legal requirements of America.

It collects its premiums in advance, annually, semi-annually or quarterly. Its quarterly rates (except the first premium) are the Natural Premium based upon the Actuaries' Tables of Mortality and four per cent. interest for a Death Fund, to which is added one-fourth for a Guaranty Reserve Fund, and one dollar for each $1,000.00 of insurance for expense fund. The first premium is larger than any subsequent premium, to cover the expenses incident to securing the application. The maximum

premium rates required to renew and extend the insurance are printed on the back of each policy and can never be exceeded at the ages named, but will be reduced at each premium payment, whether annually, semi-annually or quarterly, by **dividends from Surplus Death Fund and interest earnings of Guaranty Reserve Fund.**

The Death Fund (Column 2, Table A) is used for the payment of death claims as they occur; **the Surplus portion** of this Fund in any one quarter is **declared a dividend and is credited in part payment of the next renewal premium.**

The Guaranty Reserve Fund (Column 3, Table A) is invested in U. S. bonds, real estate, first mortgages, or other interest bearing securities, as are provided by law, and deposited by said Association with the State Treasurer of the State of Kansas as trustee of said Fund for the benefit of its policy-holders, and can be used only in the event of the death losses exceeding the tables on which the rates are based, thus in effect, protecting the company in case of excessive mortality. This Fund which has accumulated so rapidly will continue to be augmented by placing to its credit one fifth of the mortuary portion of every premium paid. It is of paramount importance to comprehend the nature of this Guaranty Reserve Fund and the benefits to be derived therefrom.

The **principal contributed** to said Fund by each policy holder and invested as per policy contract cannot be used by said policy-holder for any purpose until the policy shall have been in force for fifteen consecutive years, at the end of which time (and each five years thereafter) it will be repaid in cash or can be applied to reduce future renewal premiums. Should the policy cease by reason of lapse or death before the fifteen years have expired, all amounts thus contributed to said Fund shall remain as a perpetual fund for the security and benefit of persistent members. The contributions to this fund are a tontine element, and each persistent member shares in the profits.

The **net interest** accruing from the investment of this Fund **provides a cash dividend** to every policy-holder **and will be applied together with Surplus Death Fund to reduce each renewal premium to the minimum.**

TABLE A.

Showing the Quarterly Maximum Death Fund; the Quarterly Maximum Guarantee Reserve Fund; the Quarterly Maximum Insurance Premium; the Quarterly Maximum Expense Charge; and the Quarterly Maximum Gross Premium for a Quarterly Renewable Natural Premium Policy of $1,000, at each age from 18 to 70 inclusive.

Age.	Death Fund.	Guaranty Reserve Fund.	Maximum Insurance Premium.	Expense Charge.	Maximum Gross Premium.
18 to 21	1.88	.47	2.35	1.00	3.35
22	1.90	.48	2.38	1.00	3.38
23	1.93	.48	2.41	1.00	3.41
24	1.95	.49	2.44	1.00	3.44
25	1.98	.50	2.48	1.00	3.48
26	2.01	.50	2.51	1.00	3 51
27	2.04	.51	2.55	1.00	3.55
28	2.07	.52	2.59	1.00	3.59
29	2.11	.53	2.64	1.00	3.64
30	2.14	.54	2.68	1.00	3.68
31	2.18	.55	2.73	1.00	3.73
32	2.22	.56	2.78	1.00	3.78
33	2.27	.57	2.84	1.00	3.84
34	2.32	.58	2.90	1.00	3.90
35	2.37	.59	2.96	1.00	3.96
36	2.42	.60	3.02	1.00	4.02
37	2 46	.62	3.08	1.00	4.08
38	2.53	.63	3.16	1.00	4.16
39	2.58	.65	3.23	1.00	4.23
40	2.64	.66	3.30	1.00	4.30
41	2.70	.68	3.38	1.00	4.38
42	2.78	.69	3.47	1.00	4.47
43	2.87	.72	3.59	1.00	4.59
44	2.98	.75	3.73	1.00	4.73
45	3.11	.78	3.89	1.00	4.89
46	3.27	.82	4.09	1.00	5.09
47	3.45	.86	4.31	1.00	5.31
48	3.63	.91	4.50	1.00	5.54
49	3.84	.96	4.80	1.00	5.80
50	4.06	1.02	5.08	1.00	6.08
51	4.30	1.08	5.38	1.00	6.38
52	4 58	1.14	5.72	1.00	6.72
53	4.86	1.22	6 08	1.00	7.08
54	5.18	1.29	6.47	1.00	7.47
55	5.52	1.38	6.90	1.00	7.90
56	5.90	1.47	7.37	1.00	8.37
57	6.29	1.57	7.86	1.00	8.86
58	6.72	1.68	8.40	1.00	9.40
59	7.20	1.80	9 00	1.00	10.00
60	7.73	1.93	9.66	1.00	10.66
61	8.31	2 08	10.39	1.00	11.39
62	8.95	2.24	11.19	1.00	12.19
63	9.64	2.41	12.05	1.00	13.05
64	10.41	2.60	13.01	1.00	14.01
65	11.23	2.81	14.04	1.00	15.04
66	12.12	3.05	15.17	1.00	16 17
67	13.11	3.28	16.39	1.00	17.39
68	14.18	3.54	17.72	1.00	18.72
69	15.31	3.83	19.14	1.00	20.14
70	16.54	4.14	20 68	1.00	21.68

The following is its blank form of policy:

FACE OF POLICY.

The Kansas Mutual Life Association, of Hiawatha, Kansas, in consideration of the statements and agreements in the application for this insurance, which are hereby made a part of this contract, and of the sum of.....dollars and.....cents, to it in hand, paid by the applicant, does hereby insure the life of.....of..... ... ... in the county of..... .....and State of.....hereafter called the insured, in the maximum sum of.....dollars, said insurance expiring at twelve o'clock noon on the..... day of.....A.D. 18....

The said Association further promises and agrees to continue this insurance, without medical re-examination, for other ensuing consecutive terms of.....months, each, upon payment to said Association, on or before twelve o'clock noon, of the last day of the last expiring term, the premium required in the table of rates printed hereon, opposite the nearest even age that the insured shall have then attained, for each $1,000 of insurance, less the return premium awarded hereon.

Should this policy become a claim by reason of the death of the insured, the said Association hereby agrees to pay the said maximum sum of..... ..... dollars to..... (the beneficiary under this policy) if living, or, if not living, to the legal representatives or assigns of the said insured, at its office in the city of Hiawatha, Kansas, within ninety days after receipt of satisfactory proofs of interest, and of the death of the said insured, during the continuance of this contract or any renewal thereof.

Claim under this policy while in force, by death having occurred two or more years after its date, will be incontestable except for non-payment of premium when due, or for fraud in obtaining this policy.

This policy is issued upon condition that the provisions and requirements, printed or written by said Association on the back of the same, are accepted by the insured and assured as fully if they were recited at length over the signatures hereto affixed.

In testimony whereof the Kansas Mutual Life Association has caused to be affixed the Seal of said Association and the signatures of its President and Secretary, at its office in the city of Hiawatha, Kansas, this .....day of....., 18....

[SEAL.]

.....Secretary. .....President.

The following is on the back of the policy:

PROVISIONS AND REQUIREMENTS REFERRED TO IN THE BODY OF THIS POLICY.

1. This policy shall not take effect until the first premium hereon shall have been actually paid during the lifetime and good health of the insured. All renewal premiums that shall become due under this contract must be paid at the home office of the Association in Hiawatha, Kansas, or at such other place as the Association may designate, or to collectors, when they produce receipts signed by the President or Secretary of said Association; and when not so paid on or before the dates when due, then in every such case this policy contract shall cease and determine.

2. No assignment of this policy shall be valid unless it be

made in writing, and notice thereof, in writing, be received by said Association, and any claim arising under this policy shall be subject to satisfactory proof of interest.

3. Eighty per cent of the insurance portion of each renewal premium paid hereon shall be placed to the credit of the Mortuary or Death Fund; the remainder—namely, twenty per cent. thereof—shall be placed to the credit of the Guaranty Reserve Fund, which shall be securely invested in U. S. Bonds, real estate mortgages, or such other interest-bearing securities as are authorized by law for the investment of such funds, and deposited with the State Treasurer of the State of Kansas, as trustee of said fund. The surplus of amounts thus contributed to the Guaranty Reserve Fund by each policy remaining in force at the expiration of fifteen years from date of its issue, and at the end of each five years thereafter will be applied to reduce future renewal premiums, or will be repaid in cash should the insured at such time so elect.

4. This form of policy may be exchanged at any time after the insured attains the age of sixty years, for one on the level or uniform premium plan for same amount at the unchanging rate for the then actual age attained as printed below.

Level premiums to secure $1,000.00, payable at death, other amounts in same proportion:

Age.	Annual.	Semi-Annual.	Quarterly.
60	61.60	31.67	16.57
61	65.76	33.85	17.45
62	67.99	35.27	18.37
63	71.32	37.01	19.23
64	75.01	88.99	20.29
65	78.87	41.12	21.39
66	&c.	&c.	&c.

5. Maximum quarterly premiums to be reduced in each case by the surplus portion of preceding payments on each policy, and the net available interest on its Guaranty Reserve Fund not needed for the Mortuary or Death Fund and the said Reserve Fund to renew and extend an insurance of $1,000. Other amounts in the same proportion:

Age.	Maximum quarterly rates to renew each $1,000.	Age.	Maximum quarterly rates to renew each $1,000.	Age.	Maximum quarterly rates to renew each $,1000.	Age.	Maximum quarterly rates to renew each $1,000.	Age.	Maximum quarterly rates to renew each $1,000.
18–21	$3.35	31	$3.73	41	$4.38	51	$6.38	61	$11.39
22	3.38	32	3.78	42	4.47	52	6.72	62	12.19
23	3.41	33	3.84	43	4.59	53	7.08	63	13.05
24	3.44	34	3.90	44	4.73	54	7.47	64	14.01
25	3.48	35	3.96	45	4.89	55	7.90	65	15.04
26	3.51	36	4.02	46	5.09	56	8.37	66	16.17
27	3.55	37	4.08	47	5.31	57	8.86	67	17.39
28	3.59	38	4.16	48	5.54	58	9.40	68	18.72
29	3.64	39	4.23	49	5.80	59	10.00	69	20.14
30	3.68	40	4.30	50	6.08	60	10.66	70	21.68

The expense portion of each net quarterly premium—included in above rates—is limited to $1.00 on each $1,000 insured, and is borne equally by all ages; the residue is the insurance portion of the premium, and is treated as a trust fund from which no part for the expense of management can be drawn.

The Association permits residence or travel in any part of the world except the Torrid Zone, and permits the following of all non-hazardous occupations. All restrictions as to residence, travel and occupation are entirely withdrawn after two years.

A definite amount of insurance, $1,000.00 to $10,000.00, on a single healthy life is guaranteed for a term of one year, six months or three months, at the option of the applicant with the right to renew and extend indefinitely without medical re-examination.

The agreements made in the policy contract are warranted by the rates adopted. The management adheres strictly to conservative methods, and is doing a safe business. The Association has had a wholesome growth, and is undoubtedly a strong, reliable, and representative company.

The management of the Association, both with reference to business ability, and also to fidelity and integrity, is, we believe, all that can be reasonably demanded by an intelligent patronage.

CHAPTER XI.

THE ASSESSMENT SYSTEM.—ITS DISTINGUISHING CHARACTERISTICS.—REQUISITES FOR SOUNDNESS AND PERMANENCY.—THE FOUSE PLAN, AS OPERATED BY THE FIDELITY MUTUAL LIFE ASSOCIATION.—THE FOUNDATION PRINCIPLES.—PROOF OF THE SUFFICIENCY OF THE RATES.—TABLE NO. 3.—EXPLANATION AND APPLICATION OF TABLE NO. 3.—TABLE NO. 5, GIVING MAXIMUM ASSESSMENTS.—REMARKS.—EQUATION RATE OF THIS PLAN.—NOTATION.—FORMULA.—CORPORATE POWERS, BY-LAW AND CONTRACT PROVISIONS.—REMARKS.

III. THE ASSESSMENT SYSTEM.

ITS DISTINGUISHING CHARACTERISTICS.

1. Premiums—usually called assessments—are only required to be paid, *after* the death of a member or several members has occurred; in some of the societies, after *each* death; in others, at fixed dates, on the first of every month; or, on the first of every other month; or, once in three or four months, the amount of assessment being determined by the number of deaths having occurred since the last preceding assessment.

2. The contract between the company or society and the insured is called, by some, "*a Certificate of Membership*"; by others, "*a Policy*"

3. The certificate, or policy, never designates a definite sum to be paid by the society to the beneficiary named therein.

4. The rate of assessment in one class of societies is a *fixed* rate; that is to say, the members are divided into classes according to their respective ages, something like the following, for instance: All from 21 to 30, inclusive, constitute the First Class; those from 31 to 40, inclusive, the Second Class; those from 41 to 48, inclusive, the Third Class; those

from 49 to 55, inclusive, the Fourth Class; and those from 56 to 65, inclusive, the Fifth Class; the classification extending no further than age 65! Upon the death of a member the rate of assessment for each $1,000 of certificate depends upon the class he is in. The rate is fixed at date of admission, and remains unchanged so long as his membership continues. In another class of societies the classification may be the same but the rating changes. For example, the new member may be 28, and consequently, he is in the first class at date of entry, but when he becomes 31 he is a member of the second class; when 41, the third class, and so on; his rate of assessment being changed to a higher one whenever he goes from one class to another. In still another class of societies, whenever an assessment is levied, each member is assessed according to his *then* age, no matter what his age *was* when he entered the society. If 21 years old when an assessment is made, he pays according to the risk the society is carrying on him at that age; if 22, the rate is a little higher, because the risk is greater; if 23, the rating is still higher, and so on, through all the different ages. In some of these societies the rating is a little higher than needed for the actual current death rate, and the surplusage goes to the gradual accumulation of a reserve fund that may be used as designated in the certificate of membership. This voluntary reserve fund is not generally available until the insured has been a member for several years five to fifteen generally—and it is called by different names, and is available at different times for various purposes, according to the different ideas of the organizers of different societies. We have not the space to name *all*, or one-hundredth part of the different phases of assessment insurance in this country. The principles, however, underlying sound assessment insurance, are few, and these we intend to make prominent.

REQUISITES FOR SOUNDNESS AND PERMANENCY.

a.—"Nothing is more proverbially uncertain," says DR. BABBAGE, "than the duration of human life when the maxim is applied to an *individual;* but there are few things less subject to fluctuations than the average duration of life in a multitude of individuals."

DR. SOUTHWOOD SMITH says: "Mortality is subject to a law the operation of which is as regular as that of gravitation."

The concurrent testimony of all writers on the subject of vital statistics is that the law of mortality is as certain in its operations as are those of light, heat, electricity and chemical affinity. This law is epitomized in the Actuaries', and the American Tables of Mortality, found in other parts of this book.

By the former, out of 1,000 persons living at the beginning of a year, at age 20, *seven* die during the year; at age 30, *eight;* at age 40, *ten;* at age 50, *sixteen;* at age 60, *thirty;* at age 70, *sixty-five;* at age 80, *one hundred and forty;* at age 90, *three hundred and twenty-four;* and at age 99, *one thousand!*

The law of Mortality says—and every company or society that disregards it does so at great peril—that $7.01 must be charged for $1,000 of insurance, for one year, on a life at age 20, besides an equitable amount for expenses; when that life attains the age of 30, the sum of $8.10 must be charged for the same amount of insurance for one year; at age 40, the sum of $9.96 must be charged; at age 50, the charge must be $15.33; at age 60, not less than $29.17; at 70, at least $62.44; at 80, it is not safe to charge less than $135.01; and at 90 and 99, for $1,000 of insurance for one year, the sum of $311.28 and $961.54 must be charged, respectively, and for intermediate ages, amounts proportional to the respective ages.

A maximum sum, therefore, considerably larger than that indicated by the law of Mortality—which cannot be fully utilized except with a very large membership—should be fixed to begin with for each $1,000 of insurance at

each age, increasing every year, thereafter, commensurate with the increasing liability of the member to die; and this maximum should be named in the certificate of membership as the extreme limit of assessments on any one person for any one year.

The maximum sum to be assessed, as above should provide for a special reserve fund, available only to the person contributing it after five to fifteen years' consecutive membership. If the certificate were to lapse before the expiration of the period named in the certificate said special reserve accumulations should be equitably credited to persistent members. This would operate as a kind of cement to hold the membership together and to reduce heavy mortality at the older ages.

b.—The necessary expenses of a society should be provided for by the collection, from each member, annually in advance, or when an assessment is paid, or both, regardless of age, of a uniform fixed amount for each $1,000 of insurance named in the certificate. A uniform per centum loading on an increasing net premium is inequitable.

c.—Good Management..

In illustrating assessment insurance we shall use only a few of the best forms.

I. THE FOUSE PLAN.

The author of this plan of insurance, L. G. Fouse, Esq., of Philadelphia, belongs to the modern school of actuaries, and is one of the ablest and most conscientious members of the profession. Although still young, no man has done more toward reforming the methods and extruding and preventing the abuses of assessment insurance; no man has been more unsparing of time and labor in bringing the doctrine of probabilities as applied to human life—in short, insurance mathematics—within the comprehension of the masses. He is a zealous advocate of improvement in life insurance, an earnest believer in the doctrine that good sound life insurance can be furnished at a price so far below that hitherto charged, as to increase tenfold its beneficent results. How far he has succeeded in this direction can best be determined by an examination of the "Fouse Plan of Insurance," as operated by the Fidelity Mut-

ual Life Association of Philadelphia, Pa. It has now been upon trial nearly ten years with results that its originator may well regard with honest pride.

The calculations and tables, which are correct, are his own, and some of them have never before been published.

The foundation principles of this plan are:

1st. That the members should pay, during the probable life of each, like sums for like benefits.

2d. That members should participate in and enjoy the profits or advantages accruing to the company from selection, lapse, etc., in proportion to their respective interests in the company.

3d. That the losses should be borne by the members in proportion to their probability of persisting, death liability, and respective shares.

4th. That all men, regardless of age, should contribute a like annual amount for a like benefit to the expense fund of the company; that it is not equitable to load the net premium with a uniform percentage, thus compelling one man to pay $5 and another $25 for the same service.

5th. That the chances of policies terminating from causes other than death should be taken into account in calculating a "self-insurance fund," or accumulation necessary to equalize the risk of the company, and secure a level rate to the insured.

The first of these principles may be better understood by the following illustration: If we should send three messengers from a given point, whose duty it should be to go to another point, and each having been given the opportunity to choose his own route, and one should reach the destination by traveling 18 miles, one 22 miles, and the other 26 miles, it would seem equitable and just that all should have a like or the same compensation. So under this plan, the time intervening between age of entry and when the insured will reach the equal chance between life and death, which is the term of probable life, the aggregate contributions of the policy holders will be **a like sum for a like benefit,** although one member, by reason of his age, has 18 years to pay, another 22 years, another 26 years, etc., according to his probable life. The chances of life from the starting point being equal, render the aggregate payments under this plan equal during the chance period, and at the same time the payments are graded with regard to the death liability of the insured.

By the second principle enunciated above is understood that the natural profits accruing to the company should be distributed among the policy holders, according to their respective interests, as they accrue from time to time, and not be deferred, thereby depriving members whose policies terminate early (either

through death or lapse) of what is fairly their own. To this end the company's rates are reduced to the extent of what experience has shown to be a handsome profit, and hence its members enjoy the advantages of such profit from the beginning.

By the third principle, we are to understand, that since the chance of remaining in the company is largely diminished from causes other than death (a fact as well established as anything that has to do with the doctrine of probability) it is not right to collect from the insured an amount based on the assumption that every policy holder will remain in the company until death. The degree of constancy in the lapse rate is as great, if not greater, than that observed in the death rate. Insurance being founded wholly on the doctrine of probability, it is claimed that the event of lapse, which to some degree accrues to the advantage of the persisting policy holders, the recurrence of which is as well established as any other factor of probability, should not be ignored in the construction of rates; when it is ignored, it can only be remedied by dividends, and these are often deferred, so that a large number of the insured who, by misfortune or other causes are unable to continue their insurance, are wholly deprived of the benefits to which they are justly entitled.

The doctrine presented in the fourth principle is, that the age of the insured in no manner affects the expense of management. Salaries, office rent, licenses, taxes, advertising, printing, and all the expenses of an insurance office, are the same whether the members are aged 25 or 60. If there be any difference, the expense of obtaining risks at the more advanced ages, on account of the greater willingness to insure, is less than it is at the younger ages.

The fifth principle is opposed to the doctrine that all policies should have to their credit at the end of the table, or age 96, a sum equal to their face value. This is the effect of policies issued on the legal reserve plan, and hence, after the insured reaches an advanced age, or about the termination of the table, the company will have in its possession as much money as it agrees to pay in the event of death, and hence the premiums paid afterward by the insured purchase no insurance at all. **Under the Fouse Plan**, the self-insurance fund necessary to equate the natural rate is greatly diminished by discounting the chances of the company's payment, by the probable lapse as well as the rate of interest assumed.

PROOF OF THE SUFFICIENCY OF THE RATES ADOPTED UNDER THE PLAN.

Taking as a governing principle the general law "that what has happened in a large number of instances in the past may be accepted as a fact to determine the result of a series of coming

events of the same kind, etc.," a calculation was made on the basis of 11,000 persons between the ages of 20 and 60 years, in which it was assumed that the members would enter at the respective ages, in the proportion indicated by Table No. 1, that lapses would occur as indicated by Table No. 2, and that deaths would occur according to the American Table of Mortality Experience. It was further assumed in the calculation that the number retired annually by death and discontinuance would be replaced by new members, in the proportion and at the ages indicated in Table No. 1.

TABLE NO. 1.

Percentage of Entrants to Whole Number at the Respective Ages.

Age.	Percentage.	Age.	Percentage.
25	3.8	43	2.8
26	4.0	44	2.6
27	4.2	45	2.5
28	4.8	46	2.2
29	4.5	47	2.0
30	4.9	48	1.8
31	4.7	49	1.6
32	4.7	50	1.6
33	4.7	51	1.2
34	4.6	52	1.
35	4.6	53	1.
36	4.4	54	0.8
37	4.1	55	0.7
38	4.1	56	0.6
39	3.7	57	0.5
40	3.9	58	0.4
41	3.2	59	0.3
42	3.1	60	0.3

TABLE NO. 2.

*** Percentage of Discontinuances to Whole Number of Policies.**

Years.	Percentage.	Years.	Percentage.
1	10	19	3
2	10	20	3
3	10	21	2⅓
4	10	22	2½
5	10	23	2½
6	8½	24	2
7	7¼	25	2
8	6½	26	1½
9	5¾	27	1½
10	5¼	28	1½
11	4	29	1½
12	3½	30	1½
13	3⅓	31	1
14	3¼	32	1
15	3⅛	33	1
16	3	34	1
17	3	35	1
18	3		

* To be on the safe side, this percentage was reduced below the actual experience of American companies.

The fact "**that new members will supply the places of those who die and lapse,**" may, to say the least, be received as of the very highest probability, because the entire history of legitimate life insurance shows that the companies have not only been able to fill the places of the discontinued and deceased, but they have steadily increased in membership and amount of insurance written. It is possible and probable that such will not be the case in an insurance company founded in ignorance and on errors; but nothing can be predicated or based on organizations of that character.

A reference to the mortality experience of existing legitimate insurance companies shows that the increase in the general average death rate is comparatively small. This, of course, is owing to a steady and healthy growth in the number of policies and amounts of insurance issued by the companies, and the termination of policies from causes other than death. In the calculation referred to, the benefit to be derived from selection, that is, the saving during the selection period, lasting about five years, between the mortality assumed and actually experienced has not been taken into account. The object of the calculation was, to ascertain the ratio of increase in the death rate of a company, having and maintaining a uniform membership from the first year of its existence forward, upon the assumptions and established laws of life insurance, as hereinbefore set forth. The calculation was continued until all the original entrants had

either died, at the rate indicated by the American Table of Mortality Experience, or lapsed, according to the percentage indicated in Table No. 2.

The following table shows the number of deaths per 1,000 members, according to the years of the theoretical company:

TABLE NO. 3.

Years of the Company.	No. of Deaths per 1000 in the Company.	Years of the Company.	No. of Deaths per 1000 in the Company.
1	11.57	39	24.32
2	11.97	40	24.373
3	12.34	41	24.417
4	12.7	42	24.449
5	13.11	43	24.479
6	13.4	44	24.492
7	13.744	45	24.502
8	14.115	46	24.492
9	14.476	47	24.508
10	14.866	48	24.503
11	15.278	49	24.494
12	15.723	50	24.483
13	16.17	51	24.471
14	16.617	52	24.471
15	17.067	53	24.431
16	17.536	54	24.430
17	17.995	55	24.421
18	18.46	56	24.403
19	18.917	57	24.387
20	19.363	58	24.371
21	19.814	59	24.36
22	20.237	60	24.342
23	20.674	61	24.331
24	21.058	62	24.32
25	21.438	63	24.312
26	21.826	64	24.305
27	22.188	65	24.301
28	22.507	66	24.298
29	22.797	67	24.295
30	23.064	68	24.294
31	23.289	69	24.294
32	23.478	70	24.294
33	23.633	71	24.295
34	23.826	72	24.296
35	23.956	73	24.298
36	24.072	74	24.299
37	24.169	75	24.3
38	24.25	76	24.3

It will be observed that the company reached its highest death rate in the forty-seventh year of its existence, but after the thirty-fifth year the variation in the mortality is indeed very slight. Before proceeding any farther with the object and purpose of the calculation, we will compare the mortality experience of the

theoretical company with that of the oldest companies in the United States:

Connecticut Mutual,	organized	1846,	death rate,	41st year,	18.29
Mutual Life,	"	1843,	"	44th "	13.25
Mutual Benefit,	"	1845,	"	42d "	16.89
N. E. Mutual,	"	1843,	"	44th "	13.25
N. Y. Life,	"	1845,	"	42d "	10.47
State Mutual,	"	1845,	"	42d "	13.76

The average existence of the six companies is 42½ years, and the average death rate per each 1,000 members exposed the forty-second year is 14.32. By referring to Table No. 3, it will be seen that the death rate of the theoretical company the forty-second year is 24.44 per 1,000 exposed, a difference in favor of the actual as compared with the theoretical of over ten to the thousand.

One of the oldest companies in the world, the Equitable Society of London, in which the ordinary precautions in selection were not exercised, and in which its accessions were in the main voluntary, the death rate in its sixty-seventh year was 25.61 per 1,000, and has since had but very little variation from that rate. In the Equitable, as in all English companies, the accession is comparatively small, and the persistence of the members is great. During a period of 67 years, the Equitable Society of London admitted to membership 21,398 persons, of whom 5,144 continued members until death, 9,324 discontinued from other causes, and 6,930 still remained. Even with such a remarkable persistence as that indicated by the experience of the Equitable of London (an experience that has never been approached by any company in the United States) the death rate of the Equitable is only a trifle in excess of that of the theoretical company.

That the experience of the Equitable Society of London, in the matter of persistence of its members, is unusual and remarkable, is shown by the experience of thirty American offices during a period of thirty years. These offices admitted 1,027,529 lives, of whom 46,543 died, 431,568 discontinued, and 549,418 still existed. In the equitable Society of London to each death 1.81 lapsed, while in the thirty American offices to each death 9.27 lapsed or discontinued. The Equitable Society of London may be said to represent the highest extreme in the matter of the insured persisting until death, that has ever been attained or experienced in the history of life insurance. The above statement of facts is sufficient proof that a properly managed company in the United States will never have a death rate to exceed that indicated by Table No. 3. It should here be understood that Mr. Fouse does not claim that the death rate of a company can be kept below that indicated in Table No. 3 if its members are not required to pay their share of all the death losses, in proportion to their respective individual death liability, as indicated

by some one of the standard mortality tables. A company that ignores the foundation principles of life insurance, is sure at some time to have a widely different, if not fatal experience.

EXPLANATION AND APPLICATION OF TABLE NO. 3.

The author of this plan holds that instead of requiring members to pay a natural, increasing or step rate, as indicated by the mortality table with reference to the individual liability, **they should only be required to pay their proportion** of the increase of mortality in the collective membership, apportioned according to the individual death liability and probability of life. We find in Table No. 3 that the death rate of the theoretical company the first year was 11.57 to the 1,000; this death rate resulted from applying the American Table of Mortality Experience to the respective ages exposed, so that the member aged 20 paid the first year $7.75 per $1,000 insurance, the member aged 30 paid $8.50, etc. The second year of the company the death rate increased from 11.57 to 11.97, or .4 to the 1,000. It is clear that this increase occurred among the 9,773 of the original 11 000 members who remained in the company during its second year, and it is among these that the increase of .4 to the 1,000 must be divided in proportion to their individual death liability. The third year the death rate was 12.34, an increase of .77 over the first year, and .32 over the second year. This increase again must be met by those who were two and three years respectively in the company, in proportion to their individual death liability. The new entrants who came in and took the place of the discontinued and deaths, in any year of the calculation, were not required to contribute even a mite toward paying the increased mortality of those who entered in former years. The new members who entered from year to year followed the same laws as the original 11,000, received the same treatment, and were, of course, compelled to pay the same sum as they advanced in age. In this manner a table of rates was constructed for the various ages between 25 and 60 years, taking as the basis the individual liability of each member at age of entry, according to the American Table of Mortality Experience, and increasing the rate of each member over the rate at age of entry, according to the increasing death rate of the company, for the purpose of providing enough to pay the losses as they occur and increase from year to year. In order to show the proportion of the increase of mortality, as given in Table No. 3, properly chargeable to age 50, during the term of probable life, we will submit the following table:

TABLE NO. 4.

Natural Rate in a Variable Membership of Uniform Number, for a Person Entering at Age 50 per $1,000 Insurance.

Years of Policy.	Rate of Premium.	Years of Policy.	Rate of Premium.
1	15.43	12	20.98
2	15.97	13	21.59
3	16.47	14	22.17
4	16.95	15	22.76
5	17.49	16	23.41
6	17.87	17	24.02
7	18.34	18	24.63
8	18.83	19	25.24
9	19.35	20	25.84
10	19.84	21	26.43
11	20.38	22	27.02

The sum of these payments or premiums for any age during probable life amounts to $461.01 for $1,000 insurance.

Under what is known as the **Indemnity Reserve Plan of the Fouse System**, the $461.01 graded according to age and policy years, the same as represented in Table No. 4 for age 50, was increased $538.99, or to just $1,000. This was done by dividing the $538.99 into 461.01 parts, and each part was multiplied by the successive numbers of the table for each age, beginning at age 50 with $15.43.

This table of maximum rates, known as the Indemnity Reserve, constitutes the limit of liability of persons, according to age and years of policy, insured under the Fouse Plan.

TABLE NO. 5.

Showing the Maximum Rates for $1,000 Insurance for all Ages Between 25 and 60 Years, from the First Year of Insurance to the End of the Probability of Life.

Age of Entry.	25	26	27	28	29	30	31
Years of Insur.	Prob. of Life. 43 Years.	Prob. of Life. 42 Years.	Prob. of Life. 41 Years.	Prob. of Life. 40 Years.	Prob. of Life. 39 Years.	Prob. of Life. 38½ Yrs.	Prob. of Life. 37 3-5 Yrs.
1	1.388	1.428	1.472	1.519	1.571	1.597	1.648
2	1.435	1.478	1.518	1.57	1.625	1.654	1.706
3	1.48	1.524	1.57	1.619	1.677	1.706	1.760
4	1.522	1.568	1.616	1.666	1.726	1.754	1.808
5	1.572	1.62	1.668	1.72	1.78	1.812	1.866
6	1.606	1.655	1.708	1.759	1.82	1.851	1.906
7	1.647	1.697	1.748	1.804	1.868	1.9	1.957
8	1.692	1.743	1.797	1.851	1.918	1.949	2.011
9	1.735	1.788	1.842	1.899	1.967	2.	2.063
10	1.782	1.836	1.894	1.95	2.019	2.051	2.117
11	1.832	1.886	1.946	2.004	2.075	2.112	2.178
12	1.886	1.941	2.004	2.064	2.135	2.171	2.240
13	1.939	1.997	2.059	2.121	2.197	2.234	2.303
14	1.993	2.052	2.117	2.181	2.258	2.295	2.366
15	2.047	2.108	2.175	2.242	2.319	2.357	2.434
16	2.1	2.163	2.231	2.3	2.383	2.423	2.497
17	2.159	2.222	2.292	2.363	2.445	2.485	2.563
18	2.213	2.28	2.351	2.425	2.507	2.552	2.631
19	2.269	2.336	2.41	2.486	2.569	2.614	2.694
20	2.322	2.391	2.467	2.543	2.631	2.677	2.757
21	2.375	2.446	2.523	2.603	2.689	2.734	2.82
22	2.428	2.499	2.578	2.66	2.747	2.795	2.883
23	2.476	2.55	2.631	2.714	2.805	2.854	2.943
24	2.525	2.602	2.682	2.77	2.86	2.909	2.997
25	2.572	2.652	2.732	2.821	2.913	2.962	3.054
26	2.618	2.698	2.779	2.871	2.966	3.015	3.109
27	2.669	2.751	2.835	2.93	3.014	3.065	3.16
28	2.7	2.782	2.868	2.962	3.057	3.109	3.206
29	2.741	2.826	2.911	3.008	3.098	3.148	3.249
30	2.766	2.85	2.937	3.035	3.134	3.186	3.286
31	2.793	2.878	2.967	3.065	3.166	3.217	3.317
32	2.816	2.901	2.99	3.09	3.19	3.246	3.346
33	2.839	2.926	3.016	3.116	3.216	3.268	3.374
34	2.858	2.944	3.037	3.137	3.239	3.292	3.394
35	2.873	2.961	3.052	3.153	3.255	3.308	3.414
36	2.887	2.975	3.068	3.169	3.267	3.326	3.429
37	2.901	2.989	3.082	3.188	3.285	3.34	3.443
38	2.907	2.996	3.091	3.196	3.297	3.352	2.071
39	2.916	3.005	3.103	3.208	3.307	1.68	
40	2.923	3.013	3.113	3.218			
41	2.928	3.019	3.12				
42	2.931	3.024					
43	2.939						

TABLE NO. 5.—(CONTINUED.)

Showing the Maximum Rates for $1,000 Insurance for all Ages Between 25 and 60 Years, from the First Year of Insurance to the End of the Probability of Life.

Age of Entry.	32	33	34	35	36	37	38
Years of Insur.	Prob. of Life. 37 Years.	Prob. of Life. 36 Years.	Prob. of Life. 35 Years.	Prob. of Life 34 Years.	Prob. of Life. 33 2-5 Yrs.	Prob. of Life. 32½ Yrs.	Prob. of Life. 32 Years.
1	1.681	1.743	1.809	1.88	1.926	1.997	2.037
2	1.739	1.802	1.871	1.945	1.991	2.066	2.109
3	1.795	1.86	1.932	2.006	2.055	2.129	2.174
4	1.846	1.913	1.987	2.064	2.111	2.194	2.237
5	1.905	1.975	2.051	2.132	2.183	2.263	2.308
6	1.948	2.018	2.095	2.177	2.234	2.311	2.361
7	1.997	2.07	2.149	2.233	2.286	2.371	2.421
8	2.053	2.127	2.208	2.294	2 349	2.434	2.486
9	2.105	2.181	2.264	2.353	2.409	2.497	2.549
10	2.161	2.24	2.324	2.415	2.474	2.566	2.618
11	2.222	2.301	2.389	2.482	2.543	2.634	2.69
12	2.285	2.368	2.459	2.555	2.614	2.712	2.768
13	2.352	2.436	2.529	2.628	2.691	2.791	2.849
14	2.416	2.505	2.6	2.701	2.766	2.866	2.927
15	2.43	2.572	2.67	2.776	2.84	2.946	3.006
16	2.551	2.642	2.743	2.849	2.92	3.023	3.089
17	2.616	2.713	2.815	2.925	3.	3.106	3.168
18	2.684	2.782	2.887	3.	3.071	3.186	3.252
19	2.751	2.852	2.96	3.075	3.149	3.263	3.332
20	2.817	2.919	3.029	3.147	3.223	3.346	3.409
21	2.879	2.985	3.099	3.219	3.294	3.417	3.487
22	2.944	3.05	3.165	3.288	3.366	3.491	3.564
23	3.002	3.113	3.23	3.355	3.434	3.563	3.635
24	3.064	3.176	3.294	3.423	3.503	3.634	3.709
25	3.12	3.234	3.355	3.484	3.569	3.697	3.776
26	3.175	3.292	3.416	3.548	3.631	3.766	3.844
27	3.229	3.347	3.471	3.606	3.691	3.826	3.909
28	3.275	3.395	3.522	3.659	3.746	3.883	3.965
29	3.318	3.439	3.566	3.706	3.791	3.934	4.016
30	3.355	3.478	3.608	3.749	3.837	3.980	4.064
31	3.389	3.511	3.646	3.788	3.874	4.017	4.104
32	3.418	3.542	3.674	3.816	3.906	4.051	4.137
33	3.444	3.571	3.704	3.848	3.937	2.040	
34	3.469	3.595	3.729	3.874	1 586		
35	3.488	3.617	3.75				
36	3.507	3.636					
37	3.52						
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TABLE NO. 5.—(CONTINUED.)

Showing the Maximum Rates for $1,000 Insurance for all Ages Between 25 and 60 Years, from the First Year of Insurance to the End of the Probability of Life.

Age of Entry.	39	40	41	42	43	44	45
Years of Insur.	Prob. of Life. 31 Years.	Prob. of Life. 30 Years.	Prob. of Life. 29 Years.	Prob. of Life. 28⅓ Yrs.	Prob. of Life. 27½ Yrs.	Prob. of Life. 27 Years.	Prob. of Life. 26 Years.
1	2.125	2.219	2.323	2.394	2.494	2.556	2.687
2	2.198	2.297	2.404	2.477	2.583	2.643	2.781
3	2.266	2.367	2.479	2.554	2.66	2.726	2.866
4	2.332	2.438	2.55	2.632	2.737	2.804	2.949
5	2.408	2.514	2 632	2.714	2.826	2.897	3.045
6	2.461	2.572	2.692	2.774	2.838	2.962	3.113
7	2.526	2.637	2.76	2.846	2.963	3.036	3.193
8	2.594	2.709	2.834	2.920	3.043	3.118	3.279
9	2.658	2.778	2 906	2.997	3.12	3.197	3.362
10	2.729	2.852	2.986	3.077	3.206	3.284	3.453
11	2.806	2.932	3.067	3.163	3.291	3.375	3.55
12	2.888	3 019	3.157	3 254	3.388	3.474	3 652
13	2.969	3.103	3.248	3.349	3 486	3.571	3.755
14	3.053	3.188	3.336	3.44	3.583	3.67	3.861
15	3.134	3.276	3.427	3.534	3.677	3.771	3.966
16	3.223	3.366	3.522	3.629	3.78	3 874	4.073
17	3.306	3.452	3.612	3.723	3.88	3.976	4.178
18	3.392	3.544	3.705	3.823	3.977	4.078	4.288
19	3.475	3.63	3.799	3.914	4 077	4.179	4.397
20	3.556	3.717	3.89	4.009	4.174	4.278	4.499
21	3 638	3.8	3.979	4.1	4.269	4.377	4.602
22	3.717	3.884	4.064	4.189	4.363	4.471	4.703
23	3 794	3.964	4.148	4.274	4.451	4.562	4.798
24	3.869	4.043	4.23	4.357	4.54	4.655	4.894
25	3.94	4.117	4.307	4.44	4 623	4.738	4.982
26	4.011	4.191	4 383	4.517	4.709	4.823	5.074
27	4.078	4.26	4.458	4.594	4.783	4 905	
28	4.137	4.321	4.521	4.657	2.429		
29	4.191	4.379	4.581	1.652			
30	4.243	4.431					
31	4.283						
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TABLE NO. 5.—(CONTINUED.)

Showing the Maximum Rates for $1,000 Insurance for all Ages Between 25 and 60 Years, from the First Year of Insurance to the End of the Probability of Life.

Age of Entry.	46	47	48	49	50	51	52
Years of Insur.	Prob. of Life. 25 Years.	Prob. of Life. 24 Years.	Prob. of Life. 23 2-5 Yrs.	Prob. of Life. 22 3-5 Yrs.	Prob. of Life. 22 Years.	Prob. of Life. 21 Years.	Prob. of Life. 20 Years.
1	2.831	2.987	3.091	3.232	3.348	3.557	3.788
2	2.928	3.109	3.194	3.349	3.466	3.679	3.918
3	3.02	3.187	3.291	3.448	3.573	3.793	4.038
4	3.107	3.278	3.391	3.549	3.675	3.905	4.156
5	3.209	3.385	3.500	3 663	3.795	4.031	4 293
6	3.279	3.46	3.577	3.749	3.877	4.119	4.385
7	3.363	3.552	3.672	3.837	3 977	4.224	4 498
8	3.455	3.645	3.769	3.949	4.084	4.34	4.622
9	3.542	3.736	3.866	4.046	4.189	4.45	4.74
10	3.638	3.839	3.969	4.154	4.303	4.57	4.868
11	3.738	3.945	4.083	4.272	4.422	4.698	5.003
12	3.848	4.06	4.197	4.394	4.552	4.833	5.148
13	3.956	4.175	4.314	4.520	4.682	4.97	5.293
14	4.064	4.289	4 434	4.643	4.81	5.11	5.442
15	4.177	4.406	4.557	4.769	4.939	5.249	5.59
16	4.292	4.53	4.683	4.900	5.077	5.393	5.742
17	4.405	4.646	4.803	5.027	5.21	5.534	5.893
18	4 519	4.768	4.932	5.157	5.344	5.676	6.045
19	4.63	4.885	5.052	5.286	5.476	5.819	6.196
20	4.74	5.202	5.171	5.412	5.606	5.956	6.342
21	4.846	5.115	5.289	5.532	5.735	6.097	
22	4.955	5.228	5.403	5.649	5.86		
23	5.054	5.333	5.514	3.463			
24	5.156	5.44	2.248				
25	5.248						
26							
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TABLE NO. 5.—(CONTINUED.)

Showing the Maximum Rates for $1,000 Insurance for all Ages Between 25 and 60 Years, from the First Year of Insurance to the End of the Probability of Life.

Age of Entry.	53	54	55	56	57	58	59	60
Years of Insur.	Prob. of Life. 19½ Yrs.	Prob. of Life. 18¾ Yrs.	Prob. of Life. 18 Yrs.	Prob. of Life. 17¼ Yrs.	Prob. of Life. 16½ Yrs.	Prob. of Life. 16 Yrs.	Prob. of Life. 15 Yrs.	Prob. of Life. 14 Yrs.
1	3.911	4.111	4.331	4.566	4.826	5.015	5.428	5.901
2	4.049	4.254	4.481	4.723	4.994	5.189	5.617	6.105
3	4.171	4.389	4.618	4.871	5.149	5.35	5.79	6.293
4	4.294	4.511	4.754	5.014	5.297	5.506	5.959	6.477
5	4.431	4.663	4.907	5.174	5.469	5.682	6.149	6.685
6	4.529	4.763	5.016	5.292	5.588	5.81	6.285	6.833
7	4.649	4.886	5.145	5.426	5.734	5.958	6.448	7.007
8	4.771	5.017	5.283	5.571	5.891	6.12	6.621	7.198
9	4.897	5.149	5.419	5.714	6.040	6.256	6.792	7.382
10	5.026	5.283	5.564	5.871	6.206	6.446	6.974	7.582
11	5.166	5.428	5.719	6.031	6.374	6.624	7.168	7.792
12	5.317	5.588	5.885	6.209	6.560	6.816	7.375	8.019
13	5.472	5.749	6.053	6.386	6.746	7.01	7.587	8.247
14	5.617	5.906	6.221	6.563	6.932	7.206	7.797	8.479
15	5.774	6.066	6.389	6.737	7.123	7.406	8.01	
16	5.931	6.234	6.565	6.923	7.317	7.606		
17	6.086	6.397	6.737	7.106	3.754			
18	6.246	6.560	6.913	1.823				
19	6.391	5.046						
20	3.272							
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The above maximum rates merely form the basis from which the actual rates necessary to pay the death losses of the company are obtained. If the death losses should equal the American Table of Mortality Experience, then it would require $46\frac{1}{10}\%$ annually of the above maximum, according to the age and policy years of members, to pay the losses; but since the actual experience of the company is considerably below the American Table, it requires a less per cent. In fact, in an actual company, where selection is practiced, the amount necessary to pay the losses in a year will seldom exceed 40% of the maximum given in Table No. 5.

Since the term of probable life covers the productive years of the insured, during which the entire expense of carrying life insurance should be borne, the Fouse Plan provides for loading the actual mortality per cent. of the maximum required to pay the losses with a per cent. called **Contingent Fund Loading,** which will, during the probable life term, if no portion is used to reduce the payments of the member, amount to enough money to render the policy thereafter **self-sustaining**, or, if the member prefers, he can surrender his policy, and the money will be paid to him as a **disability benefit**, he then having passed the chance mortality period and entered the deterioration period. The Contingent Fund Loading, together with its accretions necessary to accomplish this, meaning to render the policy self-sustaining or paid up, after the lapse of the term of probable life, equals about $33\frac{1}{3}\%$ of the actual death losses. Hence, the actual cost of insurance on the Indemnity Reserve Plan amounts to 40% of the maximum given in Table No. 5, according to age and policy years, plus $\frac{1}{3}$ of such 40% for the contingent fund, plus expense dues of $5 per $1,000 insurance the first five years, and thereafter, $2.50 per $1,000 insurance. To illustrate: On the basis of $46\frac{1}{10}\%$ of the maximum, it requires, at age 50, as will be seen by reference to Table No. 4, the first year $15.43 for mortality, $\frac{1}{3}$ of this sum, or $5.14, for the contingent fund, and $5 expense dues, making the total cost the first year of policy $25.57. If we take the sixth year of policy at the same age, we find, by referring to Table No. 4, that the mortality cost will be $17.87, adding $\frac{1}{3}$, or $5.96, for contingent fund, and $2.50 for expenses, we get a total cost of $26.33; the increase in mortality being almost offset by the decrease in expense dues.

THE EQUATION RATE OF THE FOUSE PLAN.

To commute the natural rates indicated in the preceding tables, being $46\frac{1}{10}\%$ of the maximum given in Table No. 5, our first step is to find at the start the value of a unit of money payable at the beginning of each year, and every year of the term, for which the calculation is to be made, discounting at the rate

of 4% interest, and by the chance of its being paid; that is, of the insured remaining in the company to pay it. The first unit, being payable in advance, is an undiminished unit; the second and all others during the term being only payable contingently, must be further diminished by being multiplied by the decimal (for example, see column A of Table No. 6) expressing the chance of the insured remaining in the company. To illustrate: Let us assume to insure 1,000 persons aged 60. By reference to the Decrement Table, which is the American Mortality Experience Table, and the lapse experience of 30 American offices combined (see pages 122 and 125 of Fouse's Life Insurance Manual) we find that the probability that each insured will pay the premium the beginning of the second year is $\frac{848.40}{1000}$. The present value of $1 payable at the end of the year, at 4% discount, is .9615; hence $\frac{848}{1000}\frac{40}{0}\times.9615=.81573$ (see column A, Table No. 6) the present value of the contingent annuity payment of $1 from each of the insured the beginning of the second year. The present value of $1 contingent, multiplied by the natural rate of the Fidelity (see column B, Table No. 6) being $46\frac{1}{10}\%$ of its maximum liability, or $28.14, gives the present value of the natural rate (see column C, Table No. 6) or $22.9546. A similar calculation is made for every year of the term, as will be seen from the following table:

TABLE NO. 6.

Age 60.

Years.	A Present Value of $1 Contingent Annuity.	B 46 1-10 per cent of Fidelity's Maximum Liability.	C Present Value of 46 1-10 per cent of Fidelity's Maximum
1	$1.00000	27.20	$27.20
2	.81573	28.14	22.9546
3	.69901	29.01	20.2783
4	.61483	29.86	18 3588
5	.54626	30.83	16.8411
6	.47873	31.50	15.0800
7	.42665	32.30	13.7808
8	.38870	33.18	12.5653
0	.33985	34.03	11.5651
10	.30292	34.95	10.5871
11	.26690	35.92	9.5870
12	.23817	36.96	8.8028
13	.21032	38.03	7.9985
14	.18025	39.09	7.0460
	$6.49832		$202.6454

Having thus found the present value of all the natural premiums of the Fidelity per $1,000 insurance during the probable life of a person aged 60, and having also the present values of all

the units or contingent annuity, it necessarily follows that as this latter sum is to a unit, so is the single premium to the commuted annual premium for the term of probable life. That is, as 6.49832 : 1 :: 202.6454 : 31.18. The latter sum being paid yearly in advance is the equivalent of the natural rate, or $46\frac{1}{10}\%$ of the maximum, for age 60, during probable life, commencing at $27.20 the first year, and ending the last, or fourteenth year, at $39.09 (see column B, Table No. 6). But the $31.18 constitutes simply the Equation Rate for $1,000 insurance during the probable life term of 14 years, and in order to make provision to continue the insurance beyond the probable life term, the equation of the natural rates must be loaded with a sum, on the endowment principle, sufficient to equal a single net premium at the expiration of the probable life term. The whole life equation rate of the Fouse Plan operated by the Fidelity provides for an accumulation of $600 to each $1,000 insurance, for the benefit of each member surviving the term of probable life, which may be applied by the member as a single premium to carry his insurance, or it may be withdrawn as a disability benefit by surrendering the policy. Hence, we take the present value of $600 payable at the end of the year, or $576.92, and multiply it by the present value of the contingent annuity of $1 payable at the beginning of the last year of life probability, or .18025 (see Hx+t, Table No. 7), and to the product thus obtained add the sum of the present values (column C, Table No. 6) of $46\frac{1}{10}\%$ of the Fidelity's Maximum Rate, for all the years of life probability, making 306.6352. And as 6.49832 : 1 :: 306.6352 : 47.18, the commuted annual rate for $1,000 insurance, including an accumulation of $600 during the term of probable life.

The process of equating the natural rate, or $46\frac{1}{10}\%$ of the maximum given in Table No. 5 for term of 10 years, 20 years, probable life, or whole life, will be fully explained in the algebraic expressions which follow.

NOTATION.

X=Age at Entry.

C=10 Year Term Insurance.

D=20 Year Term Insurance.

T=Probable Life Term.

F=Value of accumulations at end of t years; and therefore, t+f=Whole Life Term.

B=Expense Dues of $4 per $1,000 Insurance.

A=Present Value of $1 Contingent Annuity; and therefore,

Ax+c=Present Value of $1 Contingent Annuity at end of 10 years from X.

Ax+d=Present Value of $1 Contingent Annuity at end of 20 years from X.

Ax+t=Present Value of $1 Contingent Annuity at end of probable life.

Hx+t=Present Value of $1 Contingent Annuity for last year of probable life.

Pc=Present Value of $46\frac{1}{10}\%$ of Fidelity's Maximum at end of c years.

Pd=Present Value of $46\frac{1}{10}\%$ of Fidelity's Maximum at end of d years.

Pt=Present Value of $46\frac{1}{10}\%$ of Fidelity's Maximum at end of t years.

Pt+f=Present Value of $46\frac{1}{10}\%$ of Fidelity's Maximum for whole life term (meaning P+an accumulation of $600).

Y=Net Rate or Premium.

B=Expense Dues of $4 per $1,000 Insurance; and therefore, Y+b=Gross Rate or Premium.

TABLE No. 7.

X	Ax+c	Ax+d	Ax+t	Pc
25	4.28751	5.78663	7.08849	29.9849
26	4.35749	5.88825	7.17268	31.7569
27	4.42747	5.98987	7.25687	33.5289
28	4.49745	6.09149	7.34106	35.3009
29	4.56743	6.19311	7.42525	37.0729
30	4.63741	6.29473	7.50944	38.8449
31	4.70739	6.39635	7.59363	40.6169
32	4.77737	6.49797	7.67782	42.3889
33	4.84735	6.59959	7.76201	44.1609
34	4.91733	6.70121	7.84620	45.9329
35	4.98733	6.80282	7.93039	47.7053
36	5.04506	6.89223	7.97073	50.5972
37	5.10279	6.98165	8.01107	53.4891
38	5.16052	7.07106	8.05141	56.3810
39	5.21825	7.16048	8.09175	59.2729
40	5.27598	7.24989	8.13209	62.1648
41	5.33371	7.33931	8.17243	65.0567
42	5.39144	7.42872	8.21277	67.9486
43	5.44917	7.51814	8.25311	70.8405
44	5.50690	7.60755	8.29345	73.7324
45	5.56463	7.69696	8.33384	76.6245
46	5.57307	7.69668	8.25885	81.2897
47	5.58151	7.69640	8.18386	85.9549
48	5 58995	7.69612	8.10887	90.6201
49	5.59839	7.69584	8.03388	95.2853
50	5.60683	7 69556	7.95889	99.9505
51	5.61527	7.69528	7.88390	104.6157
52	5.62373	7.69499	7.80890	109.2811
53	5.62110		7.64508	116.7723
54	5.61847		7.48126	124.2630
55	5.61584		7.31744	131.7547
56	5.61321		7.15362	139.2459
57	5.61058		6.98980	146.7371
58	5.60795		6.82598	154.2283
59	5.60532		6.66216	161.7195
60	5.60268		6.49832	169.2111

TABLE No. 7.—Continued.

X	Pd	Pt	Hx+t	Pt+f	T
25	44.1227	60.0754	.02189	72.7041	43
26	46.8007	62.9935	.02408	76.8857	42
27	49.4787	65.9116	.02627	81.0672	41
28	52.1567	68.8297	.02846	85.2488	40
29	54.8347	71.7478	.03065	89.4303	39
30	57.5127	74.6659	.03284	93.6119	38½
31	60.1907	77.5840	.03503	97.7935	37⅔
32	62.8687	80.5021	.03722	101.9750	37
33	65.5467	83.4202	.03941	106.2566	36
34	68.2247	86.3383	.04160	110.3381	35
35	70.9025	89.2567	.04386	114.5604	34
36	75.3613	93.2936	.04758	120.7634	38⅔
37	79.8202	97.3305	.05130	126.9264	32½
38	84.2790	101.3674	.05502	133.1095	32
39	88.7379	105.4043	.05874	139.2925	31
40	93.1967	109.4412	.06246	145.4756	30
41	97.6556	113.4781	.06618	151 6586	29
42	102.1144	117.5150	.06990	157.8517	28⅓
43	106.5733	121.5519	.07362	164.1246	27½
44	111.0321	125.5888	.07734	170.2077	27
45	115.4910	129.6260	.08115	176.4430	26
46	122.1804	134.7717	.08583	184.3887	25
47	128.8698	139.9174	.09051	192.1344	24
48	135.5592	145.0631	.09515	199.9570	23⅔
49	142.2486	150.2088	.09987	207.8258	22⅜
50	148 9380	155.3545	.10455	215.6714	22
51	155.6274	160.5002	.10923	223.5171	21
52	162.3167	165.6462	.11391	231.3631	20
53		170.2711	.12220	240.7717	19½
54		174.8960	.13049	250.1782	18¾
55		179.5209	.13878	259.5858	18
56		184.1458	.14707	268.9934	17¼
57		188.7707	.15536	278.4009	16½
58		193.3936	.16365	287.8085	16
59		198.0205	.17194	297.2161	15
60		202.6454	.18025	306.6352	14

EXAMPLES ILLUSTRATING THE USE OF THE FORMULA.

First Example—Age 45—10 Year Term Insurance.

Formula $\frac{Pc}{Ax+c}=y+b$

Solution $\frac{Pc}{Ax+c}=\frac{76.6245}{5.56463}=13.77+4=\$17.77$ Premium. $y + b$

Second Example—Age 45—20 Year Term Insurance.

Formula $\frac{Pd}{Ax+d}=y+b$

Sclution $\frac{Pd}{Ax+d}=\frac{115.4910}{7.69696}=15+4=\$19.00$ Premium. $y+b$

Third Example—Age 45—Probable Life Term.

Formula $\frac{Pt}{Ax+t}=y+b$

Solution $\frac{Pt}{Ax+t}=\frac{129.6260}{8.33384}=15.55+4=\$19.55$ Premium. $y + b$

Fourth Example—Age 45—Whole Life Term.

Formula $\frac{Pt+f}{Ax+t}=y+b$

Solution $\frac{Pt+f}{Ax+t}=\frac{176.4430}{8.33384}=21.17+4=\$25.17$ Premium. $y + b$

TABLE NO. 8.

Annual Equation Rates of Fouse Plan per $1,000 Insurance Including Expense Charge of $4.00.

Age.	10-Year Term.	20-Year Term.	Probable Life Term.	Whole Life Term.
18	9.24	9.74	10.35	11.47
19	9.49	10.01	10.67	11 85
20	9.74	10.28	10.97	12.26
21	9.99	10.55	11.28	12.65
22	10.24	10.82	11 57	13.07
23	10.49	11.09	11.86	13.45
24	10.74	11.36	12.17	13.86
25	10.99	11.63	12.47	14.26
26	11.29	11.95	12.78	14.71
27	11.57	12.26	13.08	15.17
28	11.85	12.56	13.23	15.61
29	12.09	12.85	13.66	16.04
30	12 38	13.14	13.94	16.46
31	12.63	13.41	14.21	16.87
32	12.83	13.68	14.48	17.28
33	13.11	13.93	14.74	17.68
34	13.31	14.18	15.00	18.06
35	13.57	14.42	15.25	18.44
36	14.02	14.93	15.70	19.15
37	14.48	15.43	16.14	19.84
38	14.92	15.92	16.59	20 53
39	15.35	16.39	17.02	21.21
40	15.59	16.86	17.45	21.88
41	16.19	17.31	17.88	22.43
42	16.60	17.75	18.30	23.22
43	17.00	18.18	18.67	23.88
44	17.38	18.60	19.14	24.52
45	17.77	19.00	19.55	25.17
46	18.59	19.87	20.32	26.32
47	19.40	20.74	21.09	27.47
48	20.20	21.61	21.89	28.65
49	21.02	22.48	22.70	29.86
50	21.83	23.35	23.53	31.09
51	22 63	24.22	24.36	32.35
52	23.43	25.09	25.21	33.62
53	24.75		26.27	35.49
54	26.12		27.38	37.44
55	27.46		28.53	39.47
56	28.70		29.74	41.60
57	30.15		31.07	43.82
58	31.50		32.33	46.16
59	32.85		33.72	48.61
60	34.22		35.18	51.18

CORPORATE POWERS, BY-LAW AND CONTRACT PROVISIONS, OF THE FIDELITY MUTUAL LIFE ASSOCIATION, OF PHILADELPHIA.

The charter is perpetual, and the company is organized on a purely mutual principle; members are liable for their pro rata of the death losses during the continuance of their policies, in the proportion of their ages and respective interests.

The Board of Directors, limited to thirteen, are elected by the policy holders annually, and they in turn elect the officers.

The Treasurer is under bond, guaranteed by a surety company having a half million dollars capital, to cover the money passing through his hands.

No person is eligible for membership whose age nearest birthday is more than 60 years.

Policies are limited to $10,000, and when the insured is more than 55 years old to $6,000, and when on the life of a female to $3,000.

All calls and dues are payable at fixed periods, and must be paid at the time specified in the policies and notices; a failure to receive notice, change of residence, or postoffice address, must be promptly reported by members to the Treasurer of the Association.

Lapsed policies may be restored upon the approval of the Medical Director and President, provided the holders give evidence of good health and reasonable assurances that they will thereafter make prompt payment.

Upon the death of a member, written notice must be given forthwith to the President.

All policies are payable within 90 days from the receipt of satisfactory proof of the death of the insured.

A misrepresentation, false or fradulent statement in the application, vitiates the policy, until it has been in force five years, then it becomes incontestable, except for fraud.

Any member is at liberty to travel in all healthy parts of the inhabited and civilized world without vitiating his policy.

If a member be engaged in a hazardous employment, and death ensue through such hazard, the Association reserves the right to scale the policy from 5 to 25%, as the circumstances may warrant; but on account of such reservation, the member is not required to pay an extra premium, nor to obtain a permit to engage in a hazardous employment.

No member can change the beneficiary named in his policy, or make an assignment of the same, without first securing the approval of the President.

The tax imposed by the laws of any State must be paid by the

members residing in such State in addition to the regular payments stipulated in their respective contracts.

Each applicant for membership must pay to the Association, or to its accredited agent, to cover initial expenses, the amounts set forth in Table No. 9.

TABLE NO. 9.

Advance Payment on Both Plans for Expenses, Including Medical Examiner's Fee, for Policies of the Several Denominations.

Amount of Insurance.	Advance Payment on Indemnity Reserve Plan, Including First Year's Expense Dues.	Advance Payment on Equation Rate Plan, Exclusive of First Year's Expense Dues.
$1,000	$13.00	$10.00
2,000	21.00	15.00
3,000	29.00	20.00
4,000	37.00	25.00
5,000	45.00	30.00
6,000	51.00	35.00
7,000	57.00	40.00
8,000	63.00	45.00
9,000	69.00	50.00
10,000	75.00	55.00

On the Indemnity Reserve Plan, the expense dues, after the advance payment has been made, are $5 per $1,000 the second, third, fourth and fifth years of policies, and thereafter $2.50. The right is reserved in the by-laws to add to the mortality element of payments a collection fee not exceeding 15%. The expense dues on this plan are payable annually in advance, and independently of the mortuary and contingent fund calls.

On the Equation Rate Plan, the expense dues are limited to $4 per $1,000, and are paid together with or as a part of the premium. The advance payment on this plan carries the insurance 60 days, and then the first annual or quarterly payment must be made in accordance with the notice sent to the member.

The Mortuary Fund of the Association is held as a special trust by a legalized Trust Company, and the Equation and Contingent Funds are invested under the direction of the Board of Directors for the exclusive benefit of members.

After policies have been in force seven years, and while still in force, they may be surrendered, and commuted paid up policies will be issued for such an amount as the money credited to the member, less an equitable surrender charge, will purchase.

Policies issued on the whole life plan, and running through the term of probable life, will then have a sum of money accumulated to their credit, which will be sufficient to render them

thereafter practically self-sustaining, or may be exchanged for a disability benefit of about $600.

By virtue of the contracts made with the insured, limiting therein the expense of management to the annual dues above given, the insurance funds are kept separate and distinct from the expense fund, and are held absolutely for the benefit of members.

The Fidelity, under the law of its incorporation, and the laws of the several States under which it is doing business, is not required to maintain the legal reserve, and in lieu of this rather expensive requirement, its policy holders are liable for the actual losses of the Association, not exceeding the maximum set forth in Table No. 5. And since the aggregate of the yearly liability of each insured equals 100%, or the face value of his policy, there can be no doubt as to the ability of the Association to make good its contracts. Its entire accumulation, by reason of the contracts of the members being made liable for the losses, is held as a surplus and not as a reserve, thus avoiding the technical liability which has wrought ruin to so many life companies.

The probable cost of the Fidelity's insurance may be anticipated by the members, as in the case of those insuring on the Equation Plan, the rates of which are scientific, and according to insurance experience ample to pay all losses, yet the members are justly liable as they should be, for deficiencies should any occur, in the insurance fund, thus guaranteeing the full payment of all policies. With this wise precaution, receiverships, which have absorbed over $50,000,000 of insurance money in the United States, need have no terror for members of the Fidelity.

In every legitimate life insurance company, the insured must expect to pay the money necessary to carry the insurance, and to pay all policies in full, and in a company like the Fidelity, which limits the expense of management in its contracts, and which furnishes the insurance at greatly reduced rates, there can be no valid objection to its reserving the right to call upon its members to make good deficiencies, should any occur in the insurance fund.

The Fidelity Mutual Life Association is ably managed; is in a highly prosperous financial condition; issues plain, untechnical policy contracts; guarantees economical management by its limitation in expenses; clearly defines the rights of policy holders in its by-laws; insures its members for a term of years, or for life; affords undoubted security to the insured; furnishes the insurance at its actual cost; gives its members the privilege of paying for losses as they occur, or of anticipating their payments for the sake of convenience, on an equitable basis; protects the insured in old age, and the family during his producing years; and altogether is not only a representative Association, but one of the best life insurance corporations in this country.

CHAPTER XII.

THE SAFETY FUND PLAN OF ASSESSMENT INSURANCE, OPERATED BY THE HARTFORD LIFE AND ANNUITY INSURANCE COMPANY.—ADMISSION FEES.—ANNUAL DUES.—MORTUARY PAYMENTS.—HOW THE SAFETY FUND IS ACCUMULATED.—HOW IT MUST BE INVESTED.—HOW IT MUST BE HANDLED.—WHEN IT CAN BE DISTRIBUTED. INTEREST DIVIDENDS FROM IT.—WHO ARE ENTITLED TO PARTICIPATE.—WHY THE COMPANY CAN PAY FACE VALUES OF ALL CERTIFICATES WITHOUT BURDENSOME ASSESSMENTS.—ACTUAL COST TO MEMBERS FIRST SIX YEARS.—FULL TEXT OF CERTIFICATE.—TRUSTEE'S CONTRACT.—TABLE OF GRADUATED ASSESSMENT RATIOS.

II. THE SAFETY FUND PLAN.

This plan of assessment insurance is operated, *only*, by the **Hartford Life and Annuity Insurance Company**, of HARTFORD, Conn.

With reference to this company, its authority to do business in the old State of Connecticut, and its ability to meet all of its obligations, we cite the following:

STATE OF CONNECTICUT, INSURANCE DEPARTMENT, }
HARTFORD, August 12, 1885. }

I, Ephraim Williams, Insurance Commissioner of the State of Connecticut, hereby certify that I have just examined the affairs of the Hartford Life and Annuity Insurance Company, located at Hartford, and that it is duly organized under the laws of the State of Connecticut, and has fully complied with the laws relating to Life Insurance Companies, and that it is fully able to meet all of its obligations, and is authorized to issue policies and transact business as a Life Insurance Company.

In witness whereof, I have hereunto subscribed my name and affixed my official seal, at the city of Hartford, the day and year first above written.

Ephraim Williams, INS. COM'R.

Also the following:

INSURANCE DEPARTMENT, COMMONWEALTH BLD'NG, }
BOSTON, August 18, 1885. }

This will certify, to whom it may concern, that the Hartford

Life and Annuity Insurance Company, a corporation under the laws of the State of Connecticut, at Hartford, in said State, is duly admitted and fully authorized under the laws of the Commonwealth of Massachusetts, to transact the business of life insurance upon the assessment plan in said commonwealth.

Witness my hand and seal of office, at Boston, this eighteenth day of August, 1885.

JOHN K. TARBOX,
Insurance Commissioner.

And the following:

INSURANCE DEPARTMENT. STATE OF NEW YORK, }
ALBANY, October 19, 1885. }

Whereas, satisfactory evidence has been exhibited to me, and filed in my office, showing that the Hartford Life and Annuity Insurance Company of Hartford, Connecticut, has complied with all the provisions of the Act entitled "An Act to provide for the incorporation and regulation of Co-operative or Assessment Life and Casualty Insurance Associations and Societies," passed April 12, 1883.

Now, therefore, I, John A. McCall, Jr., Superintendent of the Insurance Department of the State of New York, do hereby certify that the said Hartford Life and Annuity Insurance Company of Hartford, Connecticut, is duly authorized to commence business and issue certificates as a Co-operative or Assessment Life and Casualty Insurance Association or Corporation in the State of New York, according to the statutes in such case made and provided, on filing a certified copy of this certificate in the office of the Clerk of the county where the principal office of said association is located.

In witness whereof, I have hereunto subscribed my name and caused my official seal to be affixed, in duplicate, at the City of Albany, the day and year first above written.

JOHN A. MCCALL, JR.,
Superintendent.

State of New York,
City and County of New York. } *ss.*

I, PATRICK KEENAN, Clerk of the City and County of New York, and also Clerk of the Supreme Court for the said city and county, being a Court of Record, do hereby certify that the certified copy, certificate of authority, of the Hartford Life and Annuity Insurance Company, of Hartford, Connecticut, was, on the 21st of October, 1885, duly filed in this office.

In testimony whereof, I have hereunto set my hand and affixed the seal of the said court and county, the 23rd day of October, 1885.

PATRICK KEENAN,
Clerk.

The **Hartford Life and Annuity Insurance Company**

was incorporated May, 1866, and commenced business April, 1867. It has a paid up cash capital of $250,000. Its SAFETY FUND accumulations—of which more hereafter—now amount to over $300,000. Over $550,000 are therefore pledged for the honest administration of the SAFETY FUND SYSTEM, under which, since January 1, 1880, all the company's life business has been transacted.

The Safety Fund System. Every person applying for insurance under this system must pay an admission fee, as follows:

Admission Fee.

On $1,000 OF INSURANCE	$ 8.00
2,000 " "	12.00
3,000 " "	15.00
4,000 " "	18.00
5,000 " "	20.00
10,000 " "	40.00

And a medical examination fee of probably $3.00.

These fees are paid, regardless of age, *only once*. The Medical Examination fee is paid to the physician, and the admission fee to the agent or solicitor. All *future* payments must be made to the COMPANY. These consist of the following:

(1.)—**Annual Dues**. These are for expenses, and are limited to $3.00 for each $1,000 of insurance, and may be paid in installments commencing on the first day of the month after date of certificate, full explanation of which is sent by the company to the insured.

(2.) **Mortuary Payments.**—These are the contributions of every policy-holder to the payment of death losses. They are due and payable on the first days of March, June, September and December of every year. The amount that a policy-holder is required to pay on each death loss of $1,000 depends upon three things, and these are (1), the policy-holder's age *when the assessment is made;* (2), the amount of his policy; (3), the total amount of insurance, or "*indemnity,*" as it is called in the contract, *in force* with the company.

To illustrate:—Suppose a mortuary assessment is levied on the first day of March;—that Mr. B.——, a policy-holder, has $10,000 insurance,—and that he is 40 years old; no matter what his age *was* when he insured. Suppose, also, that the total amount of insurance, in force, on the company's books, is one million of dollars. By referring to "Table J.," further on, it will be seen that Mr. B—— is required to pay on a policy of $1,000, under our assumption, $1.12 for every one thousand dollars of death losses, and, therefore, on a policy of $10,000, it is ten times $1.12, or $11.20. If he were 50 years old the assessment

would be $1.47 for each thousand dollars of death losses ; at age 60, it would be $2.68; and at other ages, more or less, according to the age. These figures are made on the basis that the company has only one million of insurance *in force;* and such an assessment would pay the *full face value of certificates.* But the company has fifty millions of insurance in force ; therefore, the assessments are only *one-fiftieth* of the amounts named for each $1,000 of death losses. At age 40, on $10,000 of insurance, it is only one-fiftieth of $11.20, or a trifle more than twenty-two cents.

(3). **Safety Fund Deposit.**—This fund is composed of a deposit by each member of $10.00, once, only, on each $1,000 of insurance. This can be made all at once, or by installments, quarterly, for instance, or by adding thirty-three and one third per cent. to the Mortuary Assessments, until paid in full. This Safety Fund is deposited with the SECURITY COMPANY, of HARTFORD, CONN., as TRUSTEE, and, as may be seen by the contract of the HARTFORD LIFE AND ANNUITY INSURANCE COMPANY with the SECURITY COMPANY, every safeguard that human ingenuity and sagacity could invent seems to have been thrown around this fund.

It is of paramount importance, if our readers would understand this peculiar and exceptional plan of Assessment Insurance, to comprehend the nature of the Safety Fund, and the service it is expected to perform. At present it amounts to over $300,000. This has accumulated, as has already been said, from the payment, in full or part, of $10.00 for each $1,000 of insurance, by every person to whom a certificate of membership has thus far been issued. The fund will be further augmented by like amounts to be paid by future new members, until it shall have reached the sum of **One million of dollars.** This is the limit.

"*As often as the sum composing such fund shall be in amount sufficient to purchase $1,000, par value, of United States Bonds, such trustee shall make investments of such funds therein and register the same in its name as trustee of the Safety Fund of the said Insurance Company,*" etc.

This is the identical language of the company's policy contract with each of its policy-holders; and, also, of the Trust Company's contract, with reference to this fund; so that, when the full limit of this fund shall have reached ONE MILLION OF DOLLARS, it will all be invested—as its present accumulations are—in United States Bonds, *registered* in the name of the SECURITY COMPANY, of Hartford, Conn., *as Trustee of the Fund.* For the still further protection of this fund, it is provided in the Trustee's contract, as follows:

"*And it is further understood and agreed that if said party of the second part shall*"—*meaning the trustee*—"*for any cause, fail to perform its duties as such Trustee, as hereinbefore specified, or if, by reason of financial embarrassment of the party of the second*

part, or other cause, it shall be deemed expedient to remove said trust from its hands, then a new trustee may be appointed, by the mutual nomination of said Insurance Company, and the then Insurance Commissioner of the State of Connecticut, to succeed to said trust, with all the duties and obligations herein imposed upon said original Trustee, and said party of the second part shall surrender said Fund to such successor."

Only one emergency can arise in which any portion of this Safety Fund can be lawfully used for any purpose whatever. The *net interest*, however, received therefrom *must* be semi-annually divided, *pro rata*, among all the holders of certificates in force, who shall have contributed five years prior to the date of any such division their full proportion of said Fund; this interest dividend to be used toward the payment of their future dues and assessments. After the Fund proper shall amount to ONE MILLION OF DOLLARS, all subsequent receipts therefor must be divided in like manner as the interest.

The emergency spoken of above is this: If, after this Safety Fund shall have amounted to THREE HUNDRED THOUSAND DOLLARS, the HARTFORD LIFE AND ANNUITY COMPANY shall fail by reason of insufficient membership; or, shall *neglect*, if justly and legally due, to pay the maximum indemnity provided for by the terms of any certificate issued in said Safety Fund department—this means the full face value of the policy—and such policy or certificate shall be presented for payment to the Trustee by the legal holder thereof accompanied by satisfactory evidence, fully delineated in every policy, of the company's *failure* to pay, after demand upon it within the time stipulated in the policy contract for limitation of action, **then** it shall be the duty of said Trustee to *at once* convert said Safety Fund into money and divide the same—"less the reasonable charges and expenses for the management and control of said Fund"—among all the holders of certificates then in force in said department, or their legal representatives, in the proportion which the amount of each of their certificates shall bear to the amount of the whole number of such certificates in force.

Thus we have seen that the SAFETY FUND is made up of moneys received from policy-holders, in excess of the cost of insurance and expenses, amounting to not more than $10.00 for each $1,000 of insurance issued to them; that these moneys are paid to the HARTFORD LIFE AND ANNUITY COMPANY, and by it to the Trustee, and that the Trustee invests them in registered United States bonds. We have also seen that the interest earnings of this SAFETY FUND must be divided, semi annually, in an equitable manner, among members whose certificates have been in force five or more years after the *full* payment of their Safety Fund fees, and that no portion of the SAFETY FUND, itself, can ever be used, except in the event that the company should refuse, from inability or otherwise, to pay the *full* face value of a certi-

ficate that had become a legal claim against it, after having been duly presented and payment demanded; and that in such an emergency the Trustee of the SAFETY FUND may then be forced to a division of the Fund among all the policy-holders whose certificates shall then be in force. By an examination of the company's certificate, and the Trustee's contract, full texts of which are given herein, it will be seen that they contain all the above provisions. They are "*nominated in the bond.*"

The company has very kindly furnished us with the following

TABLE I.

SHOWING THE COST FOR ASSESSMENTS AND DUES ON EACH $1,000 OF INSURANCE IN FORCE, JANUARY 1, 1880, AT THE AGES GIVEN, FOR THE SIX YEARS ENDING DECEMBER 31, 1885.

Age.	Assessments.	Dues.	Total cost six years.	Average annual cost.
25	$30.42	$18.00	$48.42	$ 8.07
30	34.73	18.00	52.73	8.79
35	40.56	18.00	58.56	9.76
40	45.81	18.00	63.81	10.63
45	51.33	18.00	69.33	11.55
50	64.01	18.00	82.01	13.66
55	85.31	18.00	103.31	17.22

As the payments for medical examination, membership fee, and Safety Fund Deposit are fixed and uniform, at all ages, cost for any amount including all payments may be determined by this table for the ages given.

On the first day of January, 1886, the company made its first semi-annual interest dividend to all members who were entitled to it. This dividend amounts to $4.30 on each $1,000 of certificate, and is to be used toward the payment of future assessments. On the first day of July next, and every six months thereafter, an interest dividend will be declared to these same members and to all others whose certificates shall have been in force five or more years since the *completed* payment of their safety fund fees. Such is the present status of the Safety Fund system, and it indicates that these dividends will certainly constitute a very valuable aid in payment of future dues and assessments. With the dividend period *now* reached it appears to be but a question of time, probably not longer than five years at the company's rate of progress, for the Safety Fund to reach its full limit of one million dollars, when, not only the interest will be distributed semi-annually, but all the surplus arising from the Safety Fund fees paid by new members —$10.00 on each $1,000 of certificate—will be also thus distributed and applied in payment of assessments and dues.

With a completed Safety Fund, of one million of dollars, invested in United States Bonds, *suppose*, for illustration, disaster in some form should overtake the company, and members were to leave the ranks, refusing to pay their dues and assessments; and suppose, also, the amount of insurance on the company's books had been reduced to one million dollars, the company all this time paying the full face value of certificates presented as death claims, which *it could do* without burdensome assessments: suppose further, that at this juncture, with one million of dollars in the Safety Fund, and one million of dollars insurance in force, a death claim were presented and payment demanded, and the company *refused* to pay it, what then? The trustee of the Safety Fund would be *compelled* to distribute the one million of dollars to the holders of the one million dollars of insurance, each certificate holder receiving $1,000 in *cash* for every $1,000 of *certificate*, The "last man" is thus provided for.

Under this system ample provision is made against excessive cost in old age, and the holder of a certificate has as absolute a guaranty as he can have under any other system that the full face value of his certificate will be paid at maturity, however long he may live and persist in membership. This is assured by the division of the *entire interest* from the Safety Fund, until it reaches its limit of one million dollars, and after that by the additional division of all surplus arising from the Safety fund fees paid in by new members.

We think the system an admirable one, and the company operating it in every respect worthy of patronage.

THE HARTFORD LIFE AND ANNUITY INSURANCE COMPANY,

OF HARTFORD, CONNECTICUT.

In consideration of the representations, agreements, and warranties made in the application herefor, and of the admission fee paid; and of the sum of *ten dollars*, on each $1,000 of the maximum indemnity herein provided for, to be paid to said company as herein required, to create a Safety Fund as hereinafter described, and of three dollars per annum on each $1,000 for expense dues, to be paid as hereinafter conditioned, and of the further payment of all assessments proportioned to the maximum indemnity herein provided for, levied against the herein named member to form a Mortuary Fund for the payment of all indemnity matured by deaths of members, which assessments, to be levied upon all the members in the department wherein this certificate is issued, whose certificates are in force at the dates of such deaths, shall be made according to the table of graduated assessment ratios given hereon, and as further determined by their respective ages and the aggregate maximum indemnity at the dates of such deaths, with due allowance for discontinuance of membership, does hereby issue this certificate of membership in its Safety Fund department to.....(herein called the member) of.....county of.....
State of .. ..with the following agreements:

That ninety days from the receipt by the president or secretary of said company of satisfactory proofs, together with full information as to the manner and cause of the death of the herein named member while this certificate is in force, all the conditions hereof having been conformed to by the member, there shall be due and payable, out of the aforesaid Mortuary Fund, and not otherwise, the maximum indemnity of.....dollars (less the balance unpaid, if any, of the stipulated contribution to said Safety Fund, with fifty per cent. added, together with any balance due said company), to..... legal representatives upon presentation and surrender of this certificate properly receipted. All such payments to be made at the home office of said company in lawful money of the United States.

That said company will deposit said sum of ten dollars, when received, with the trustee, named in a contract made with it (of which a copy is printed hereon), as a Safety Fund in trust for the uses and purposes expressed in said contract; and shall at the expiration of five years from July 1, 1879, if said Safety Fund shall then amount to three hundred thousand dollars, or whenever thereafter said sum shall be attained, make a semi-annual division of the net interest received therefrom by it, *pro rata* among all the holders of certificates in force in said department at such times, who shall have contributed five years prior to the date of any such division their stipulated proportion of said fund, by applying the same to the payment of their future dues and assessments; and that, whenever said fund shall amount to one million dollars, all subsequent receipts therefor shall be divided by the said company in like manner as the interest. Said company further agrees that if at any time, after said fund shall have amounted to three hundred thousand dollars, or after five years from January 1, 1880, if that amount shall not have been attained before that date, it shall fail by reason of insufficient membership, or shall neglect if justly and legally due, to pay the maximum indemnity provided for by the terms of any certificate issued in said department, and such certificate shall be presented for payment to said trustee by the legal holder thereof, accompanied by satisfactory evidence, as hereinafter provided, of its failure to pay, after demand upon it within the time herein stipulated for limitation of action, then it shall be the duty of said trustee to at once convert said Safety Fund into money and divide the same (less the reasonable charges and expenses for the management and control of said fund) among all the holders of certificates then in force in said department, or their legal representatives, in the proportion which the amount of each of their certificates shall bear to the amount of the whole number of such certificates in force; and that in such event it shall file with said trustee a correct list, under oath, of the names, residences and amounts of the certificates of all members entitled to participate in such division. The evidence referred to above to be either certification by said insurance company's president or secretary that a claim is justly and legally due and that payment thereof has been demanded and refused, or the duly attested copy of a final judgment obtained thereupon in any court of competent jurisdiction, satisfaction of which has been neglected or refused for the period of sixty days from its date. And said company further agrees that so long as any certificate of membership in its Safety Fund department shall remain in force, said fund shall be in no wise chargeable or liable for any use or purpose except as above mentioned.

And said company further agrees that the aforesaid Mortuary Fund shall be in no wise chargeable or liable for any use or purposes other than for the settlement of death claims, except as herein mentioned.

This certificate is issued by the company and accepted by the member upon the express conditions and agreements given elsewhere hereon, and assented to as forming part of this contract:

IN WITNESS WHEREOF, the said Hartford Life and Annuity Insurance Company have, by their president and secretary, signed and delivered this contract at Hartford, Conn., this .....day of.....one thousand eight hundred and eighty.....

.....*President.*

.....*Secretary*

On the back of every certificate of membership is the following, forming a part of the contract:

This certificate is issued by the company and accepted by the member upon the following express conditions and agreements:

1. *Application made part of contract.*—The application on the faith of which this certificate issues is hereby referred to and made part of this contract; and the member hereby agrees that the answers and statements therein contained are material and that they are full, complete and true; that he has verified them and adopts as his own, each statement, representation and answer made therein, whether written by him or not; and that statements made to agent not therein written shall form no part of this contract.

2. *Of payments.*—The member agrees to pay to said company dues of three dollars per annum on each $1,000 indemnity, for expenses, on the first day of the month after date of issue hereof, and at every anniversary thereafter, so long as this certificate shall remain in force; or by monthly or other *pro rata* installments of the same in advance for periods of less than a year. And also agrees to pay said company, upon all certificates that shall mature by death, within thirty days from day on which notices bear date, all assessments determined as within set forth; the proceeds of which, after deducting ten cents on each assessment for cost of collection, shall form said Mortuary Fund. And further agrees to pay said company the sum of ten dollars on each $1,000, as above, towards said Safety Fund, in a single payment, within sixty days from date hereof; but if not so paid, then by equal installments thereof, monthly, during the first year of membership, commencing sixty days from date hereof. In default of which payments towards the Safety Fund, said company may for this purpose increase said assessments by amounts equal to any such due and unpaid installments; and, while the whole or any portion of such required payment shall remain unpaid, said company may apply toward payment thereof any unapplied sum standing to the credit of this certificate. All such payments to be made direct to the home office of said company, and not to agents, who are unauthorized to receive such payments.

3. *Conditions of Acceptance.*—The member further agrees and accepts this certificate upon the express condition that if either the annual dues, assessments, or safety fund deposit, as hereinbefore required, are not paid to said company on the day due, then this certificate shall be null and void, and of no effect,

and no person shall be entitled to damages or the recovery of any moneys paid for protection while the certificate was in force, either from said company or the trustee of the safety fund, and that if a legal and just claim to benefit, under the terms of this certificate, shall arise before said safety fund shall have accumulated to three hundred thousand dollars, or before January 1, 1885, and the sum collected on the assessments made on account of such event shall be paid over, as hereinbefore stipulated; or if such claim shall arise after said fund shall have accumulated to said amount, or after January 1, 1885, and this certificate be fully settled and surrendered, or if any final division from said safety fund, as hereinbefore provided, shall be made by the trustee thereof on account of this certificate, then, in all such cases, all liability of said company and of its safety fund, on account of this certificate, shall cease.

4. Giving Notice.—A printed or written notice, directed to the address of the member, as it appears at the time on the books of the company, and deposited in the post-office at Hartford, or delivered by an agent of the company, shall be deemed a legal and sufficient notice for all purposes hereof. A transcript of the books of said company, certified by the secretary, showing such facts, shall be taken and accepted as conclusive evidence of the mailing of such notice, and of the facts aforesaid, as set forth in such transcript. Notices given to the member while any payment that has fallen due hereon shall be unpaid, are to be understood only as notices to reinstate membership and shall not be held to extend maturity of such unpaid payments nor as waiving proof that the member is alive and in good health, proof of which to the satisfaction of the company shall be tendered with all payments for reinstatement, nor shall such payments be effective to reinstate membership unless they shall be received at the company's home office anterior to the member's death.

5. Change of Residence or Address.—In case of change of residence, post office address, occupation, or name of the member, or his beneficiary, the member or his beneficiary shall at once give notice thereof in writing to the secretary of the company. In case of failure to do so, the company may proceed for all purposes as if no such change had been made.

6. Prohibitions.—If the member shall be personally engaged in blasting, submarine operations, mining under ground, manufacturing poisonous or explosive chemicals, retailing intoxicating beverages, as engineer or fireman on railroad locomotive, or in "braking" or "coupling" on, and "making-up" of, railroad trains, trading or living among savage tribes or nations, or shall be engaged in military service (except in time of peace), or in naval or any marine service, without, in each of these cases, having first obtained the written consent of said company, or shall use alcoholic or narcotic stimulants so as to produce intoxication sufficient to impair his health or to produce delirium tremens or to cause his death; or shall die by self-destruction—whether sane or insane—or while intoxicated or from effects of drunkenness, or as the result of a duel, or in consequence of keeping or visiting unlawful or disreputable resorts or of the violation or attempted violation of the laws of any nation, State, province or municipality; or if there has been any concealment, misrepresentation or false statement or statement not true made in the application on which this certificate issues; or if the conditions of this certificate shall not be in all respects observed and performed by the member to whom this certificates issues; then, and in all such cases, this certificate shall be null and void, and of no effect, and

no person shall be entitled to damages, or the recovery of any moneys paid thereon.

7. Travel and Residence.—The member herein named is at liberty to travel by railroad, sea, lake, or river, by all trains, first-class steamers and sailing vessels, and to visit or reside in any portion of the world other than the residence named in the application herefor, where inhabited and civilized, and free from epidemics, wars, or internal dissentions.

8. Limitation of Action.—It is expressly understood and agreed that no action shall be maintained, nor recovery had, for any claim upon or by virtue of this certificate, after the lapse of one year from the death of said member; and if no suit or proceedings for such recovery be commenced within one year from the date of death of said member it shall be deemed a waiver, on the part of all parties concerned, of all rights or claims under or by virtue of this Certificate, and as conclusive evidence against the validity of such claim, and this certificate shall be null and void, and of no effect, and no person shall be entitled to damages or the recovery of any moneys paid thereon. And it is further expressly agreed, in case any suit or proceedings shall be commenced for the recovery of any claim under this Certificate after the lapse of one year from the death of said member, or when the claim is otherwise illegal or fraudulent, that the person or persons so commencing suit or proceeding, on failure to obtain judgment therefor, shall pay to said Company the sum of two hundred dollars, as its reasonable attorney fees and damages, in addition to the taxable costs and allowances in the case.

9. Debts and Liens.—It is further agreed that this Certificate shall be charged with any and all amounts that may be owing from the member or beneficiary herein, or their assigns, to said Company at the time of the payment of this Certificate, and the Company reserves a lien thereon to secure the payment of any such indebtedness, and the right to deduct and withhold the amount of any such account or indebtedness in payment thereof. But nothing herein contained shall be held to constitute a waiver of forfeiture if any of the hereinbefore stipulated payments shall not be paid when due and in the manner set forth in the conditions of this Certificate. And that in case the laws of any Country, State, or Municipality in which the member or his beneficiary may reside shall require a tax to be paid by said Company on account of any moneys collected hereon, said member agrees to pay the amount of such tax to said Company in addition to the payments hereinbefore named, as part of the payments needed to hold this Certificate in force, either in connection with the payments of assessments and annual dues or otherwise, as said Company may from time to time elect.

10. Assignments.—This Certificate shall not be assigned or transferred unless with the concurrent action of the member and beneficiary or beneficiaries, assignee or assignees thereunder; nor unless with the consent in writing of said Company's Secretary and filing with him a copy of all such assignments or transfers, nor unless a claim hereunder, made by an assignee, be subject to proof of interest; nor unless the amount recoverable hereunder by any such assignee (except such assignee shall bear to the member the relationship of wife, child, parent, brother or sister), be limited to the value of the interest proven.

11. Powers of Agents.—Agents of the Company can not alter or waive any of the conditions of this Certificate, nor issue permits of any kind, and they are not authorized to make any in-

dorsements hereon, nor to receive or receipt for money on behalf of this Company other than for Admission Fees, for the receipt of which alone the delivery of this Certificate is acknowledgement. Members entrusting money to agents for payment of Assessments, Dues, or Security Fund Deposits, can not hold the Company responsible therefor, until the procurement and delivery by the agent of a receipt, signed by its President or Secretary, for moneys thus entrusted, evidencing the reception of such payment at the Company's Home Office before any default in payment shall have occurred.

On the back of the Certificate of membership is also the following

TRUSTEE'S CONTRACT.

THIS AGREEMENT, made and entered into this Thirty-first day of December, A. D. 1879, by and between the Hartford Life and Annuity Insurance Company, a corporation organized under the laws of the State of Connecticut, and located in the City of Hartford in said State, party of the first part; and the Security Company, a like corporation also located at said Hartford, party of the second part; WITNESSETH:

WHEREAS, The party of the first part purposes to issue to persons contracting therefor, Certificates of membership in a special department of its business to be known as the Safety Fund Department, and, in consideration of the sum of ten dollars to be received on each one thousand dollars of the amount of each and every such Certificate for the purpose of creating a Safety Fund, to insert therein sundry agreements with such persons in the following words, to-wit:

"That said Company will deposit said sum of ten dollars," "when received, with the Trustee, named in a contract made" "with it (of which a copy is printed hereon), as a Safety Fund" "in trust for the uses and purposes expressed in said contract;" "and shall at the expiration of five years from July 1, 1879, if" "said Safety Fund shall then amount to three hundred thousand" "dollars, or whenever thereafter said sum shall be attained," "make a semi-annual division of the net interest received there" "from by it, *pro rata* among all the holders of Certificates in" "force in said department at such times, who shall have con-" "tributed five years prior to the date of any such division their" "stipulated proportion of said Fund, by applying the same to" "the payment of their future dues and assessments; and that," "whenever said Fund shall amount to one million dollars, all" "subsequent receipts therefor shall be divided by the said Com-" "pany in like manner as the interest."

"Said Company further agrees that if at any time, after" "said Fund shall have amounted to three hundred thousand" "dollars, or after five years from January 1, 1880, if that" "amount shall not have been attained before that date, it shall" "fail by reason of insufficient membership, or, shall neglect if" "justly and legally due, to pay the maximum indemnity provided" "for by the terms of any Certificate issued in said department," "and such Certificate shall be presented for payment to said" "Trustee by the legal holder thereof, accompanied by satisfac-" "tory evidence, as hereinafter provided, of its failure to pay," "after demand upon it within the time herein stipulated for" "limitation of action, then it shall be the duty of said Trustee"

"to at once convert said Safety Fund into money and divide the"
"same (less the reasonable charges and expenses for the man-"
"agement and control of said Fund,) among all the holders of"
"Certificates then in force in said department, or their legal rep-"
"resentatives, in the proportion which the amount of each of"
"their Certificates shall bear to the amount of the whole num-"
"ber of such Certificates in force; and that in such event it shall"
"file with said Trustee a correct list, under oath, of the names,"
"residences and amounts of the Certificates of all members enti-"
"tled to participate in such division. The evidence referred to"
"above to be either certification by said Insurance Company's"
"President or Secretary that a claim is justly and legally due"
"and that payment thereof has been demanded and refused,"
"or the duly attested copy of a final judgment obtained there-"
"upon in any court of competent jurisdiction, satisfaction of"
"which has been neglected or refused for the period of sixty"
"days from its date."

"And said Company further agrees that so long as any Certi-"
"ficate of membership in its Safety Fund Department shall"
"remain in force, said Fund shall be in no wise chargeable or"
"liable for any use or purpose except as above mentioned."

NOW, THEREFORE, the party of the first part, in consideration of the covenants and agreements hereinafter contained on the part of the party of the second part and in accordance with its agreement with its Certificate holders as hereinbefore recited, does hereby appoint the party of the second part Trustee as aforesaid and covenants and agrees with it and its successors in said trust to deposit with said Trustee, as soon as received, the sum of ten dollars on each thousand dollars of the amount of each and every Certificate of membership issued by it in the aforesaid department until said Fund shall amount to one million dollars, to be by said Trustee held in trust and accumulated as hereinafter agreed, and the income thereof, less the reasonable compensation and expenses of said trust, to be paid over to the party of the first part, as hereinafter provided, to be used by the party of the first part in accordance with the hereinbefore recited agreements: And when said Trustee shall pay the income, as above, to the party of the first part, or, shall make any other payments from said Fund, as required by the terms hereof, the liability of said Trustee on the amount so paid shall cease; it being understood and agreed that said Fund belongs to the party of the first part, subject to the expressed trusts herein provided.

AND the party of the second part, for itself and its successors, in consideration of such deposits and of a reasonable compensation for its services and the necessary expenses of managing said trust, covenants and agrees with the party of the first part and its successors and with each of the holders of the aforesaid Certificates that it will receive, hold, manage and dispose of all said deposits made with it by said Insurance Company, principal and income, in accordance with the uses and purposes specified in the hereinbefore recited agreements of the party of the first part with its Certificate holders; and shall at all reasonable times exhibit to the party of the first part all the securities and investments composing said Trust Fund; and shall render true statements of the account of said funds and the income thereof to any person entitled to request the same by reason of an interest therein; said party of the first part hereby agreeing to keep the party of the second part correctly informed of the names, addresses, numbers and amounts of Certificates of all persons thus entitled.

That, as often as the sum composing such Fund shall be in

amount sufficient to purchase one thousand dollars, par value, of United States Bonds, said Trustee shall make investments of such funds therein and register the same in its name as Trustee of the Safety Fund of the said Insurance Company, and, provided no default by the party of the first part as hereinbefore recited shall occur, shall accumulate said Fund and the income thereof (less the reasonable compensation and expenses), for five years from July 1, 1879, or until such time thereafter as said Fund shall amount to three hundred thousand dollars, par value, of the bonds purchased for said Fund, when the party of the second part will pay over to the party of the first part, semi-annually thereafter, all the further income from said Fund (less the accruing and unpaid compensation and expenses), to be by the party of the first part used for the purposes mentioned in the hereinbefore recited agreements: And, unless such default shall occur, will thereafter add to the principal of said Fund the deposits thereafter received from the party of the first part, exclusive of the income therefrom, until the whole Fund shall amount in such bonds, at their par value, to one million dollars: And in the event of the failure or neglect mentioned in the hereinbefore recited agreements, will convert said Fund into money and divide the same in accordance with the hereinbefore recited agreements, as soon as can reasonably be done after the necessary information of the proper persons and their shares shall have been obtained: Said party of the first part hereby agreeing to put the party of the second part in possession of the information required for the making of a proper division thereof as agreed with its Certificate holders.

All payments required hereby to be made to the party of the first part to cease upon the aforesaid failure or neglect of the party of the first part; and all payments required herein to be made to the Certificate holders by the party of the second part to be made at the office of said Trustee or of the successor in said trust.

The necessary expenses connected with the management of said Fund shall be limited to the ordinary commissions for purchasing or selling and transfer or transmission of the hereinbefore mentioned bonds, together with the cost of the stationery and postage used in replying to requests for information of the condition of said Fund and the actual cost of any judicial action needed to determine the legal status of said Fund: All other expense to be included in and covered by such reasonable charge as shall be made for the compensation of the trusteeship, to be determined by the amount of time and labor involved in the execution thereof.

It is hereby mutually understood and agreed by both parties hereto that all the hereinbefore recited agreements of the party of the first part with its Certificate holders shall constitute the uses and purposes of the trust expressed herein. And it is hereby further understood and agreed that at such time as it shall be shown that all Certificates of membership issued by the party of the first part in its Safety Fund Department, have been legally settled and surrendered to it, or properly canceled in accordance with their terms, it shall be held and considered that the uses and purposes of said trust have been fully accomplished by said Insurance Company, and the balance of said Fund, if any, shall be paid over to the party of the first part.

And it is further understood and agreed that if said party of the second part shall, for any cause, fail to perform its duties as such Trustee as hereinbefore specified, or if, by reason of financial embarrassment of the party of the second part, or other cause, it shall be deemed expedient to remove said trust from its hands, then a new Trustee may be appointed, by the mutual

nomination of said Insurance Company, and the then Insurance Commissioner of the State of Connecticut, to succeed to said trust, with all the duties and obligations herein imposed upon said original Trustee, and said party of the second part shall surrender said Fund to such successor.

IN WITNESS WHEREOF, the party of the first part has affixed hereto the corporate seal of said Insurance Company and caused these presents to be signed by its President and Secretary.

And the party of the second part has hereto affixed its corporate seal and its President and Treasurer have hereunto set their hands.

Done in duplicate at Hartford in the State of Connecticut the day and year first above written.

HARTFORD LIFE AND ANNUITY INS. CO.

[SEAL.] By E. H. CROSBY, President, and STEPHEN BALL, Secretary.

SECURITY COMPANY,

[SEAL.] By ROBERT E. DAY, President, and WILLIAM L. MATSON, Treasurer.

The following table is also printed on the back of every certificate of membership in this company, and it is a part of the basis of the contract:

TABLE J.

Of Graduated Assessment Ratios for every $1,000 of Death Loss, on each $1,000 of a total Indemnity in force of $1,000,000.

Age.	Rate.	Age.	Rate.	Age.	Rate.	Age.	Rate.
15 to 21	$ 0.65	33	$ 0.91	44	$ 1.20	55	$1.92
22	.67	34	.94	45	1.22	56	2.03
23	.69	35	.97	46	1.25	57	2.15
24	.71	36	1.00	47	1.30	58	2.32
25	.73	37	1.03	48	1.35	59	2.50
26	.75	38	1.06	49	1.40	60	2.68
27	.77	39	1.09	50	1.47	61	2.86
28	.79	40	1.12	51	1.54	62	3.08
29	.81	41	1.14	52	1.63	63	3.30
30	.83	42	1.16	53	1.72	64	3.65
31	.85	43	1.18	54	1.81	65	4.00
32	.88						

☞ These ratios decrease in proportion as the total indemnity in force increases above $1,000,000 in amount, and are calculated so as to cover the stipulated cost of collection.

CHAPTER XIII.

SYNOPSIS OF THE MASSACHUSETTS LAW WITH REFERENCE TO ASSESMENT INSURANCE, BY INSURANCE COMMISSIONER JOHN K. TARBOX.—HIS GENERAL REMARKS ON THE SAME.—HIS COMPARISON OF ASSESSMENT INSURANCE WITH OLD LINE INSURANCE.—CO-OPERATIVE BUSINESS, BY JOHN A. MCCALL, JR., SUPERINTENDENT OF THE NEW YORK INSURANCE DEPARTMENT.—CATCH-PENNY INSTITUTIONS.—RESOLUTIONS OF THE EXECUTIVE COMMITTEE OF THE MUTUAL BENEFIT LIFE ASSOCIATIONS OF AMERICA.—THE SUPERINTENDENT'S REMARKS ON THE SAME, ETC., ETC., ETC.—CO-OPERATIVE INSURANCE, BY EPHRIAM WILLIAMS, INSURANCE COMMISSIONER OF CONNECTICUT.—HIS REMARKS ON THE GROUPING OF DIFFERENT AGES FOR PURPOSES OF ASSESSMENT.

From the Thirtieth Annual Report of the Insurance Commissioner of the Commonwealth of Massachusetts, January 1, 1885.

"Chapter 183 of the acts of 1885 is an act to regulate the business of life and health insurance on the assessment plan and to authorize the formation of corporations to transact such insurance on that plan. It is unique in some of its features. Its provisions apply to all associations, now or hereafter formed, which make assessment insurance contracts, except fraternal societies and organizations with select membership, and unincorporated bodies with a maximum limit of five hundred dollars benefit. Corporations organized under it cannot transact business until two hundred persons have subscribed for insurance and paid in one full mortuary assessment in trust for beneficiaries. Their contracts must be for a sum specified in the policy or contract, and when the obligation accrues the beneficiary shall have a prior lien, defeated only by proceedings in insolvency, upon all the property of the corporation for its payment, and, if payment is not made within thirty days after demand, the corporation upon notification by the commissioner shall issue no policy while such notice remains in force. Policies cannot issue upon the life of any person over sixty years of age, nor for the benefit of a person who has no interest in the insured life. An assignment to a person having no interest in the insured life voids the policy. Each corporation must provide for an emergency fund, distinct from its ordinary death fund, to be maintained at all times, of an amount not less than the proceeds of one death assessment on all its policy-holders. This fund is to constitute a trust for the payment of policy claims not otherwise provided for, to be invested

in such securities as insurance companies may by law invest their capital, and deposited with the treasurer of the commonwealth. These securities can be withdrawn from deposit only upon a requisition of the corporation, endorsed by the insurance commissioner, and for the purposes of the trust. When the corporation shall cease business the fund is to be administered under judicial authority (1), for the payment of accrued claims, if any, and (2), the payment, in order, of claims that shall accrue. Existing corporations are given six months from the passage of the act, and newly organized corporations six months from date of their incorporation, to accumulate the fund.

"All assessments must be for a specific purpose, and the proceeds must be applied to the stated use.

"When a corporation not purely mutual neglects without justifiable cause for thirty days after proof of death to levy an assessment for payment of the claims, the members of the corporation shall be personally liable to the beneficiary for the amount due.

"No corporation shall re-insure with another corporation unless the contract therefor shall be approved by a two-thirds vote of a meeting of the policy-holders held to consider the matter. Agents, solicitors and physicians of any such corporations, are liable to fine and imprisonment for making wilful false statements or representations in reference to insurance therein. The act provides for the admission of similar corporations of other States to transact business in Massachusetts. To qualify itself for such admission such foreign corporation must file with the insurance department (1), a certified copy of its charter; (2), a statement under oath of its business for the preceding year, and that it is paying and for the past year has paid in full the maximum amount named in its policies; (3), a certificate from the proper authority in its State that like corporations of this commonwealth are legally entitled to do business in such State; (4), a copy of its policy and form of application, which must show that benefits are provided for by assessments on policy-holders; (5), evidence satisfactory to the commissioner that it accumulates a safety or emergency fund equal in amount, and of the character required of our home companies. It is made the duty of the commissioner to revoke the authority of such foreign corporation whenever he shall be satisfied that it does not pay its policy obligations in full.

"The act defines the duties and powers of the commissioner in respect to these corporations. He is given the same powers of visitation and examination as in the case of life insurance companies under chapter 119 of the Public Statutes. Whenever he is satisfied that a corporation has exceeded its powers, failed to comply with any provisions of law, or is conducting business fraudulently; and, whenever, after notice upon information of its default for thirty days to pay a claim due, and investigation had thereon, it shall appear to him the liabilities of a corporation exceed its resources, and that it cannot within a reasonable time, not more than three months from the date of original default, pay its accrued indebtedness in full; he shall report the facts to the attorney general, who shall apply to the supreme judicial court for an injunction and such other judicial proceedings as the interests of the corporation and of the public may require.

"This legislation, though inadequate for some important objects, will effect useful results in the care and prevention of several abuses and the protection of the public, at least in a degree, from imposition, and is perhaps as radical legislation as could be

secured in the present state of popular feeling and information on the subject.

"I am, however, not content to pass the matter finally without further brief comment. Insurance has come to be a common need of our social life. Corporations engaged in it serve, in a special sense, a public want, and are not to be regarded or constituted or left subject alone to the laws of trade, as are ordinary business enterprises organized and conducted primarily for individual profit. The people have the right, which the State should guard, to obtain the advantages of these institutions as cheaply as they can be furnished, and that the institutions should be constructed on the basis most conservative of the safety of the interests they involve. * * * * Corporations now organized, with a membership sufficient to pay a full maximum benefit from the proceeds of a single assessment, will be able to adjust their affairs to the requirements of the new statute with little inconvenience, since the old and new certificates will possess the same actual value. But corporations with certificates issued for a nominal amount, larger than an assessment will realize, encounter a difficulty in the management of their business which may be overcome, and perhaps not otherwise than by a substitution for the old certificates of new certificates, conformable to law, for a specified sum as nearly equal as may be to one assessment collection. This substitution the present members should cheerfully consent to, as they will suffer no substantial injury thereby, and it seems the only mode to secure equality in assessments. I entertain no doubt, sufficient to affect official action, that the statute intends the contract shall state precisely and unconditionally the sum to which the beneficiary under it is entitled, and that any form of contract which left the amount to be paid dependent upon uncertain conditions, as the more or less proceeds of an assessment, would be judiciously held an unlawful evasion of the statute."

Under the head of **Beneficiary and Assessment Insurance Corporations**, the COMMISSIONER says:

"The department has unofficial information of several associations which organized in form of law and carried on a lawful, but essentially fraudulent business with the public, for a season, and then disappeared with unfulfilled obligations. These, and similar abuses, inflicted upon the public under shield of the law, will be measurably redressed in future, by the recent act of the legislature. * * *

"The new statute is likely to compel the speedy departure of several, which will be unable to meet its qualifications and have no adequate reason for their existence, and others will ultimately yield to the competition of more potent rivals. And thus the system must abide ultimate judgment upon the fate of a few chosen representatives. The demonstration may be somewhat remote. A well managed association ought to sustain itself for a few years without difficulty. If it attempted to insure lives to the age only of fifty, it might rationally go on for an indefinite term on that basis. But to an association which undertakes to insure persons to the extreme limit of human life, the crisis comes when a considerable body of its members reach old age and the death-rate rapidly increases, as must be. If assessments are graded to the relative prospect of longevity of members, as the ages advance, will the old man stay in and pay the greatly augmented cost of insurance? If, as probable, not, then the plan fails as

whole-life insurance. Or, if assessments are not graded, will the youth stay in and bear his disproportionate burden of a common loss for the benefit of the more aged? The assumption of this plan is that new lives will constantly come in and maintain the average age and a uniform death-rate, in which case the association may last and perform its functions while those relations are kept. Time will test and judge its merits and limitations. Meanwhile, we may safely assume that with proper administration the assessment plan may furnish a cheap and good temporary insurance and a public beneficence; and that the absolute life insurance afforded by the level premium method, is not possible to the assessment plan as yet formulated, because the latter depends on conditions of the future, incapable of present assurance. It is the difference between a naked conditional promise, and an absolute promise secured by sufficient pledge of value. Both plans of insurance have distinctive merits, and in behalf of both, pretensions are put forth not entitled to respect."

The Hon. John A. McCall, Jr., SUPERINTENDENT of the Insurance Department of the State of New York, under the head of "CO-OPERATIVE BUSINESS," in his official report to the Legislature of that State, for the year ending Dec. 31, 1884—date of report, Feb. 19, 1885—says:

"The management of the Co-operative organizations generally appears to be intrusted to reliable and faithful officials, but the difficulty encountered in securing members without the intervention of special agents is apt to place the control and continuance of the association within the power of the intervenors. In very many instances it has been found that the allegiance and loyalty of these individuals depend upon the extension of, or additions to, their jug-handle contracts. And once they sever their connection with an association, their zeal and activity in pointing out its weak spots is comparable only to their efforts to destroy its existence, by a transfer of the members to the agent's latest attachment. It is not surprising that the vehement individuals that prate unceasingly against old line companies should be found pursuing the most objectionable of their methods. In the prominent cases of this coming within the censure of the Department, and made manifest by its investigations, the names of former agents of defunct life insurance companies appear conspicuously. If mentioned they would be recognized as the inventors of chimerical plans, and the stentorian advocates of corporations whose weakness was their chief feature. It is not difficult, then, to understand that mistrustfulness and doubt are engendered by the action and promises of such employés, or that such associations will have but a short-lived existence, when it is realized that the rights of their members are subordinate to the privileges and powers of the agents. The fair-minded people who are honest in their advocacy of this plan of preservation, and whose efforts are directed to protect themselves by reform within, and from danger without, the co operative institutions, are fully cognizant of the troubles that threaten to destroy the usefulness of all the associations. To them the superintendent is confident he will not appeal in vain for assistance in the correction of the abuses described. The officers who prosecute their business in an honest way need have no fear that any doubt of the superintendent as to the system of assessment insurance will be allowed to destroy or impair the existence of any legitimate organization. The law will be carried out in every case, without

consideration or thought of the great influences which are often referred to as being continually at work, in and out of the Legislature, for and against co-operative associations. There will be no hesitation in criticising or closing up the affairs of any mismanaged institution, through contemplation of the effect it may have on the remaining associations; neither will the superintendent condemn a society because it shows evidence of success, thus disproving the assertions and predictions of those who are paid to print their conclusions.

"The pretenses and promises of some of the managers would be grotesque if they were not put forth in a serious way. It is not doubted that if the promoters of some of the advertised schemes were pecuniarily responsible, they could be compelled, personally, by reason of their false representations to make good their wondrous pledges. That the danger to honest assessment organizations caused by the practices of the catch-penny institutions is realized, will be seen by reference to the report of the executive committee of the Mutual Benefit Life Associations of America, made at the ninth annual convention, held in October last, at Cincinnati, as follows:

"'First. The expense of management must be provided for, in the main, by fixed annual dues.

"'Second. The mortality rates at age of entry must be graded according to one of the combined standard mortality tables.

"'Third. If the mortality rates do not increase with age, after entry, the rates at entry must be loaded twenty-five per cent., at five per cent. per annum, compound interest, and such loading with interest must be held as a liability or reserve, and applied to the payment of the respective policies when they become claims, and the assessments upon surviving members correspondingly reduced.

"'Fourth. If the rates increase after age of entry, such increase must not be less than 100 per cent., or double the original rate, by the end of the probability of life expectancy of the insured.

"'Fifth. If any sum of money or endowment is promised to members during life, such sum must be provided for by collecting monthly, quarterly, semi-annual, or annual payments, in excess of the cost of mortality, that will, at four and a-half per cent. per annum during the endowment period, amount to the sum promised.

"'Sixth. If a uniform rate for all ages is charged, the benefit to be paid must be graded according to the life expectation, and when graded according to life expectation from age of entry, the rate of assessment must be loaded at least twenty five per cent., at the rate of five per cent. per annum, and reserved and used in part payment of death claims in order to offset the increasing liability arising from the advancing age of members.

"'Seventh. All the modern precautions in selection must be rigidly enforced, and no members admitted over the age of sixty.'

"The recommendations of the committee are quite commendable, and they are quoted here as the judgment of intelligent officials, who by experience are entitled and competent to point out the apparent dangers to the system, and suggest the needed remedies.

"The superintendent does not desire to be understood as favoring or endorsing all of the above recommendations, and in particular he objects to to the one referring to endowment pay-

ments, to which payments, on any assessment plan, he is opposed, as being futile and in contradiction of the theory of co-operative insurance. In the main, however, the report of the committee is exceedingly conservative, and will tend to protect the associations and their members from the evils connected with the sham concerns that 'have no hope of existence unless they, so to speak, undersell the honest ones, by promising larger benefits for the same money or similar benefits for less money.'"

"In the line of reform, also, is the action taken during this year, by the Illinois Mason's Benevolent Society, an institution that has paid in fourteen years about $2,500,000 to the beneficiaries of its members. It was apparent from the experience of the society, that while abundantly able to care for its present claims, it was evident it had outlived the scheme upon which it was founded, and its survival depended entirely upon a change of its plan, so that assessments would be regulated by the increasing age of the member, instead of a uniform contribution without regard to age. This recognition of the only method that can give permanency to the co-operative plan of life insurance, is deserving of emulation by the organizations that are operating on the fallacious principle that served to lull the Western organization into a fancied security, until 'the society languishes, and while the older men remain with it, without diminished risks, the young fail to be attracted in numbers sufficient to reduce the average age.'"

The Hon. Ephraim Williams, Insurance Commissioner for the State of Connecticut, in his official report to the Legislature for the year ending Dec. 31, 1884—report dated April 10, 1885—says:

"All properly conducted assessment companies fix their yearly assessments strictly according to the respective ages of the members and the year's risk at those ages. All grouping of different ages for a like assessment is inequitable, and therefore objectionable. For the younger ages in the group pay not only for themselves, but also in part for the older ages. It matters not whether the assessment be large enough to cover the risk of the eldest age in the group or only sufficient to cover the average age; in either case the younger are overcharged."

The foregoing official utterances of the Insurance Commissioner of Massachusetts, and of the Superintendents of Insurance for the States of New York and Connecticut, are worthy of careful consideration. More attention has been given to life insurance in all its different phases, and more money expended in its supervision, in these three States than in all the other States of the Union.

CHAPTER XIV.

INTEREST.—INTEREST LAWS OF THE STATES.—EXPLANATION OF THE TABLES.—TABLES.

INTEREST.

Interest, in the sense of recompense for money lent, originated very early in the world's history. There are frequent allusions to it in the Scripture, under the title of "*usury*," which was the old English word for interest.

Robertson tells us that the fixed rate of interest in the 12th century was *twenty* per cent. In 1560 it was fixed in Spain, Germany, and Flanders, by the emperor, Charles V., at *twelve* per cent. Not until the 15th century were *Christians* allowed to receive interest on money. Jews were the only usurers. The lowest rate of interest in Athens was *ten* per cent. per annum, and the highest *thirty-six* per cent. In Rome similarly exorbitant rates were exacted. About the year B. C. 346, the rate was limited to *five* per cent.; and five years later, the practice of taking interest for money was forbidden, altogether, and he who received more than he advanced was rendered liable to four-fold restitution. The earliest enactment upon the subject mentioned in English history, was A. D. 1197, *forbidding Christians to take interest for money.* In 1546, in the 37th year of the reign of Henry VIII., an Act was passed limiting the legal rate of interest, in England, to *ten* per cent. per annum, but it was repealed. May 1st., 1552. This last Act was entitled "*A Bill against Usurie.*" and re-enacted the prohibitions contained in previous Acts, with similar penalties. The Act of 1552, was in force until 1571, when the legal rate was fixed at *ten* per cent. This continued until 1624, when the rate was reduced to *eight* per cent., and the word "*interest*" was first used instead of *usury;* it was afterwards reduced to six per cent., and, in 1714 to *five* per cent., remaining so, with one or two exceptions, for a few years, when it was suspended and still remains so.

Most other countries have, at some period of their history, found it necessary to limit the rate of interest. In 1228 the rate was fixed, at Verona, at *twelve and one-half* per cent., per annum. In 1242, James I., King of Aragon, fixed it at *eighteen* per cent.

In 1270 the legal rate at Modena was twenty per cent. There is an edict of Phillip Augustus, near this period (1272), limiting the Jews, in France, to forty eight per cent! In 1311 Phillip IV. fixed the interest that might be legally exacted in the fairs of Champagne at twenty per cent. In 1336 the Republic of Florence borrowed money of individuals upon an assignment of taxes at fifteen per cent. In 1490, at Piacenza, the rate was as high as *forty* per cent. In 1491, *the first public sanction, by the Popes,* to the payment of interest, was given! The price of the Public Funds is perhaps the best criterion in any country, and has been taken as such by the most experienced writers on the subject. The Public Funds indicate the abundance or scarcity of money; are affected by war and peace, and by national prosperity or adversity. They may therefore be termed the national thermometer. As the price of the Public Funds goes down, the rate of interest rushes up. War and scarcity operate in this direction, and afford us another remarkable instance of the operation of the law of compensation. War and famine accelerate the rate of mortality, but they also improve the rate of interest, so it is probable that Assurance Offices with large accumulation of funds, realize, under such conditions, as much by *excess of interest* on their investments as they lose by the excess of mortality.

The relative effects of *simple* and *compound* interest may be seen in the following:

TABLE No. 2.

Rate per cent. per annum.	At simple interest it will double.	At compound interest it will double.
2	In 50 years	In 35 years
2½	" 40 "	" 28 "
3	" 33⅓ "	" 23½ "
3½	" 28½ "	" 20¼ "
4	" 25 "	" 17½ "
4½	" 22¼ "	" 15¾ "
5	" 20 "	" 14¼ "
6	" 16½ "	" 12 "
7	" 14¼ "	" 10¼ "
8	" 12½ "	" 9 "
9	" 9 "	" 8 "
10	" 10 "	" 7¼ "

Mr. Francis Bailey calculated, up to the year, 1810, that, if one penny had been put out at five per cent., *compound* interest, at the birth of Christ, it would have amounted to more money than could be expressed by 357 millions of Globes, each equal to the earth in magnitude, all of solid gold of standard quality, worth, at the mint price, three pounds, seventeen shillings and a half penny, per ounce; whereas, if the penny had been put out

at the same rate, at *simple* interest, the amount in the same time would have been only *seven shillings and seven pence half penny!!* **Mr. Hillman** extended the calculation up to the end of the year, 1846, giving as the result, two thousand one hundred and seven millions, five hundred and thirty thousand, eight hundred and sixty-four worlds of solid gold! Supposing the diameter of the world to be 8,000 miles, these globes, placed in a straight line, would reach into space sixteen billions, eight hundred and sixty thousand two hundred and forty-six millions, nine hundred and twelve thousand miles, quantities too large for human comprehension. **(C. Walford—1867.)**

The practical advantage in saving and compounding, even *small* sums of money, for a term of years, is shown by the following:

EVERY MAN, AT AGE 50, who has saved $1.25, per day since he was 21 years old, and compounded it, annually, at 4 per cent., is worth $25,000! 88 cents per day at 6 per cent.

EVERY MAN, AT AGE 55, who has saved $1.51 per day, since he was 21 years old, and compounded it, annually, at 4 per cent., is worth $40,000! Only $1.00 per day, at 6 per cent:

EVERY MAN, AT AGE 60, who has saved $1.75, per day, since he was 21 years old, and compounded it, annually, at 4 per cent., is worth $60,000!!

TABLE No. 3.

INTEREST LAWS OF THE STATES.

(From the Bankers' Almanac and Register.)

State.	Rate per cent.		Penalty of Usury.
	Legal.	By special contract.	
Alabama	8	.....	Loss of interest.
Arizona	10	6	None.
Arkansas	6	10	Forfeiture of principal and interest.
California	10	No limit	None.
Colorado	10	No limit	None. (8 per cent. allowed on town and county bonds.)
Connecticut	6	6	None.
Dakota	7	12	Forfeiture of contract. (No limit in five counties named. (Act of Feb. 21, 1881.
Delaware	6	6	Forfeiture of contract.
Dist. of Columbia	6	10	Forfeiture of all interest.
Florida	8	No limit	None.
Georgia	7	8	Forfeiture of all interest.
Idaho	*10	18	Forfeiture three times the excess of interest over 18 per cent. Act Feb. 21, 1879.
Illinois	6	8	Forfeiture of all the interest.
Indiana	6	8	Forfeiture of interest over 6 per cent
Iowa	6	10	Forfeiture of interest and costs.
Kansas	7	12	Forfeiture of excess of interest over 12 per cent.
Kentucky	6	10	Forfeiture of excess of interest.
Louisiana	5	8	Forfeiture of interest.
Maine	6	No limit	None.
Maryland	6	6	Forfeiture of excess interest.
Massachuset's	6	No limit	None. (Six per cent. and judgments.)
Michigan	7	10	Forfeiture of excess interest
Minnesota	7	10	Forfeiture of contract, if more than 10 per cent. is charged.
Mississippi	6	10	Forfeiture of interest over 10 per cent
Missouri	6	10	Forfeiture of all interest.
Montana	10	No limit	None.
Nebraska	7	10	Forfeiture of all interest and costs.
Nevada	10	No limit	None.
New Hampshire	6	6	Forfeiture 3 times excess of interest
New Jersey	6	6	Forfeiture of all interest and costs.
New Mexico.	6	12	None.
New York	6	6	Forfeiture of contract ; $1,000 fine ; 6 months' imprisonment.
North Carolina	6	8	Forfeiture of double amount of interest.
Ohio	6	8	Forfeiture of excess interest.
Oregon	10	12	Forfeiture of interest, principal and costs.

*Usurers liable to arrest for misdemeanor.

INTEREST LAWS.—Continued.

State.	Rate per cent.		Penalty of Usury.
	Legal.	By specia contract.	
Pennsylvania	6	6	Forfeiture of excess interest.—Act of May 28, 1858.
Rhode Island	†6	No limit	Forfeiture, unless a greater rate is contracted.
South Carolina.....	6	10	Forfeiture of all interest.
Tennesee ...	7	6	Forfeiture excess interest over 6 per cent.
Texas.....	8	12	Forfeiture of all interest.
Utah.....	10	No limit	None.
Vermont	6	‡7	Forfeiture of excess interest.
Virginia	6	8	Forfeiture of excess interest.
Washington Territory	10	No limit	None.
West Virginia	6	6	Excess credited on sum due.
Wisconsin....	7	10	Forfeiture of all the interest.
Wyoming	12	No limit	None.

†Rate on judgments unless otherwise expressed. ‡On Rail Road bonds only. a. On open accounts not more than six per cent., six months after delivery of last article. b. Any rate may be taken on loans exceeding $5,000, secured by warehouse receipts, bills of lading, etc.

EXPLANATION OF THE TABLES.

Table No. 1.—Col. (1) is made up as follows: The legal reserve, for instance, Actuaries' 4% on $1,000 of insurance, Ordinary Life Plan, issued at age 10, is $4.115 at the end of the first policy year. The present value of $4.115, for one year, 4 per cent. interest, is $3.96, and, therefore, this $3.96 at interest for one year—until end of first policy year—exactly equals the legal reserve at end of year. The $3.96 is the "Reserve Element" or germ, that produces the legal reserve, end of year. It is not the *legal reserve* at the beginning of the year—that is the net premium, or $10.43—but it is the "*Reserve Element*," as we call it. In a similar manner all the reserve elements at the different ages, from 10 to 99, inclusive, going to make up Col. (1), are produced.

Col. (2) is made up as follows: Confining ourselves to amount and kind of insurance, as above, and the age of entry, the net annual premium, as stated above, is $10.43. This is composed of the reserve element and the mortality element. The reserve element is $3.96, and, taking it from the net annual premium, $10.43, leaves $6.47, which is the mortality element. The other

mortality elements are found in a similar manner, and all of them from age 10 to age 99, constitute Col. (2).

Col. (3) is found by adding Col. (1) to Col. (2), which, at age 10, gives $10.43, and taking one-third of it, $3.48, we have the expense element. Similarly with reference to all the other ages.

Col. (4) is columns (1), (2), and (3) added together. At age 10, it is $3.96+$6.47+$3.48, equals $13.91; and similarly with reference to all the ages from 10 to 99, inclusive. These three columns constitute the elements of the gross level premiums, *the first year*, for $1,000 of ordinary life insurance, at the ages named, when they are based on the Actuaries' Table of Mortality and 4 per cent. interest. The elements of other kinds of premiums—Limited-payment Life, Endowment, etc., etc.—may be ascertained in a similar manner by using the reserve end first policy year, net premium, etc., etc., applicable to these several kinds of insurance.

Table No. 1½.—Col. (1) is identical with Col. (6), Table No. 16, and is ascertained by mathematical calculations. Col (2) is one-third of Col. (1). Col. (3) is columns (1) and (2) added together. It is the net natural premium loaded thirty-three and one-third per cent.

Table No. 2.—No explanation required.

Table No. 3.—No explanation required.

Table No. 4.—*Required the amount of $1.00 per annum, at 3 per cent., simple interest, for five years.* One dollar is on interest for five years; one for four; one for three; one for two, and one for *one* year. The interest on the first dollar invested is three cents per year for five years, amounting to 15 cents. The interest on the second dollar invested is 3 cents per year for 4 years, amounting to 12 cents. The interest on the third dollar amounts to 9 cents; on the fourth dollar, 6 cents; and on the fifth dollar, 3 cents. These different sums—15 cents, 12 cents, 9 cents, 6 cents and 3 cents—added together amount to 45 cents, which added to the principle—$5.00—gives $5.45. The same result would be ascertained in Col. (1) at the right hand of (5) in the year column, *at a glance;* and similarly with reference to any other rate of interest, for any time, named in the table. To ascertain the amount of $100, $500, or any other sum, first find the amount of $1.00 by the table, and then multiply this by the number of dollars.

Table No. 5.—*What will $1.00 amount to, compounded, annually, at 6 per cent. interest, in 30 years?* By looking at Col. (6), in the table opposite (30) in the year column, we find $5.74, the answer. For 40 years, it amounts to $10.29, and so on. For other rates, times and amounts, first ascertain the amount of

$1.00 by the table, and then multiply this result by the number of dollars.

Table No. 6.—*What will $1.00 per annum amount to, compounded, annually, at 6 per cent. interest, in 30 years?* In Col. (6) of the Table opposite (30) in the year column, we find $83.80 the answer; $40 per annum thus compounded would amount to 40 times $83.80, or $3,352, and similarly with reference to other amounts, at other rates of interest for a longer or shorter time.

Table No. 7.—*How much will $1.00 per annum, for 10 years, compounded, annually, at 5 per cent. interest, amount to in 40 years?* In Col. (5), opposite (40) in the year column, we find $57.08 the answer. $80 per annum thus invested would amount to eighty times $57.08, or, $4,566.40, and similarly with reference to other amounts and rates for a longer or shorter time. The annual investment in this table, whatever it may be, terminates at the end of the first ten years; but the *compounding* continues until the end of the time designated.

Table No. 8.—*How much will $1.00 per annum for 15 years, compounded annually, at 4 per cent. interest, amount to in 30 years?* In Col. (4) opposite (30) in the year column, we find $37.50 the answer. $100 per annum thus invested would amount to 100 times $37.50, or $3,750, and similarly with reference to other amounts and rates, for a longer or shorter time.

Table No. 9.—*What will $1.00 per annum for 20 years, compounded, annually, at 6 per cent. per annum, amount to in 40 years?* In Col. (6) opposite (40) in the year column, we find $125.05 the answer. $90 per annum thus invested would amount to 90 times $125.05, or $11,254.50, and similarly with reference to other amounts and rates of interest, for a longer or shorter time.

Table No. 10.—*If $1.00 be due and payable 40 years hence, and money will earn 4 per cent. per annum, compound interest, during that time, what is the present value of the dollar?* In Col. (3), opposite (40) in the year column, we find $.2083—nearly 21 cents—the answer; that is to say 21 cents invested 40 years, and made to earn 4 per cent. compound interest, annually, will just exactly amount to the $1 in 40 years. Twenty-one cents paid down to-day, or $1 paid in 40 years from now, are equivalent sums, if money be worth 4 per cent. per annum *compound* interest. The present value of $50 would be 50 times $.2083, or $10.415.

Table No. 11.—*What is a contract, requiring the payment of $1 at the end of evevy year for the next 40 years, worth, now, assuming money to be worth 5 per cent. compound interest?* In Col. (5) opposite (40) in the year column, we find $17.1591 the answer. In other words $17.1591, paid down in one sum is equivalent to

the payment of $1 at the end of every year for 40 years. Compare Table No. 11 with Table No. 6.

Table No. 12.—*How much money must be invested every year, and compounded, annually, at 6 per cent., to amount to $50,000 in 25 years?* In Col. (6) opposite (25) in the year column, we find $17.20. This is the uniform annual investment requisite to produce $1,000, at the rate and for the time assumed. To produce $50,000, the annual investment must therefore be 50 times $17.20, or $860, the answer.

Table No. 13.—*How much money must be invested, every year, for 10 years, only, and compounded, annually, at 6 per cent. interest, to amount to $1,000 in 20 years, from beginning of the investing period?* In Col. (6) opposite (20) in the year column, we find $39.97 the answer. To produce $50,000, multiply the $39.97 by 50, making $1,998 50; and similarly with reference to any other amounts, and rates of interest.

Table No. 14.—*How much money must be invested, every year, for 15 years, only, and compounded, annually, at 4 per cent. interest, to amount to $1,000 in 30 years, from the beginning of investing period?* In Col. (4) opposite (30) in the year column we find $26.66, the answer. To produce $10,000 the annual investment must be ten times $26.66, and similarly with reference to other amounts.

Table No. 15.—*How much money must be invested, every year, for 20 years, only, and compounded, annually, at 8 per cent. interest, to amount to $1,000 in 33 years?* In Col. (8) opposite (33) in the year column, we find $7.44, the answer, and similarly with reference to other amounts, etc.

Table No. 16.—This is the celebrated Actuaries' Table of Mortality, the history of which has been given in another part of this book, with several other columns added. Columns (1) and (2) constitute the table, *proper*. Col. (3) is obtained by dividing the number in Col. (2) opposite each age by the number in Col. (1) opposite the same age. Col. (1) represents 100,000 persons *living* at age 10, at the *beginning* of the year, and Col. (2) shows that 676 of them *died during* the year. 99,324 lived to be 11 years old, but 674 of them died before they became 12 years old, and so on, until they *all died*, only one single person of the 100,000 at age 10 reaching the age of 99, and he dies before attaining the age of 100!

Column (3) is *very instructive*. It shows that at age 20, over *seven* persons die during a year out of 1,000 living at the beginning of the same year; at age 25, nearly *eight* die; at 30, nearly *eight and one-half;* at 35, more than *nine and one-quarter;* at 40, more than *ten and one-third;* at 45, nearly *twelve and one-quarter;*

at 50, nearly *sixteen;* at 55, nearly *twenty-two;* at 60, over *thirty;* at 65, over *forty-four;* at 70, nearly *sixty-five;* at 75, over *ninety-five;* at 80, over *one hundred and forty;* at 85, over *two hundred and five;* at 90, nearly *three hundred and twenty-four;* at 95, over *five hundred and eighty-four;* and, at age 99, **one thousand persons die during the year out of one thousand living at the beginning of the year.** Taking the same number of persons at each of the ages, and noting the comparative number of deaths; we find that more than twice as many die at 50 as at 25; more than twice as many at 61 as at 50; nearly twice as many at 70 as at 61; more than twice as many at 80 as at 70, and so on. The per cent. of deaths increases very rapidly after 55, when many of our assessment companies cease grading their rates, if, indeed, they grade them at all after entry!

Column (4) gives the expectation of life at the different ages. For example, at age 10, the average of after life is 48 years and 36-100 of a year; at age 32, it is about thirty-three years, and so on.

Column (5) gives the *net* level annual premiums for insuring $1,000 for life, at the different ages. These premiums loaded from twenty-five to forty per cent., varying with different companies, constitute the table rates found in the rate books of Level Premium Companies, for $1,000 of ordinary life insurance.

Column (6) gives the natural premiums at the different ages. This column is the basis of rates for the Natural Premium Companies, and the better class of Assessment Associations, of which much has been said in previous pages.

Table No. 17.—Remarks similar to those made with reference to Table No. 16 can be appropriately made with reference to this table. Both tables are very extensively used.

Table No. 18.—Fully explained.

Table No. 19.—Fully explained and frequently referred to in other pages.

Other Tables, A, B, C, D, etc., etc., are used in explanation of facts and principles stated, and are readily understood in the application thus made of them.

TABLES.

TABLE

Showing the elements of which a Level Annual Premium is composed, based on the Actuaries' Table

Age.	Reserve element.	Mortality element.	Expense element.	Gross Level premium.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.
10	$3.96	$6.47	$3.48	$13.91
11	4 13	6.50	3.54	14.17
12	4.32	6.52	3.61	14.45
13	4.51	6.56	3.69	14.76
14	4.70	6.60	3.77	15.07
15	4.90	6.64	3.85	15.39
16	5.10	6.70	3.93	15.73
17	5.31	6.76	4.02	16.09
18	5.54	6.81	4.12	16.47
19	5.76	6.88	4.22	16.86
20	5.98	6.97	4.32	17 27
21	6.20	7.07	4.43	17.70
22	6.48	7.13	4.54	18 15
23	6.74	7.22	4.66	18.62
24	7.02	7.31	4.78	19.11
25	7.31	7.41	4.91	19.63
26	7.61	7.52	5.04	20.17
27	7.92	7.64	5.18	20.74
28	8.25	7.76	5.33	21.34
29	8.59	7.89	5.49	21.97
30	8.95	8.02	5.66	22.63
31	9.34	8.15	5.83	23.32
32	9.72	8.32	6.01	24.05
33	10.13	8.49	6.20	24.82
34	10.50	8.73	6.40	25.63
35	11.04	8.83	6.62	26.49
36	11.53	9.01	6.85	27.39
37	12.07	9.19	7.09	28.35
38	12.62	9.40	7.34	29.36
39	13.22	9.60	7.61	30.43
40	13.86	9.82	7.89	31.57
41	14.54	10.05	8.19	32.78
42	15.25	10.30	8.52	34.07
43	15.95	10.64	8.86	35.45
44	16.63	11.05	9 23	36.91
45	17.31	11.54	9.61	38.46
46	17.97	12.11	10.03	40.11
47	18.64	12.75	10.46	41.85
48	19.33	13.44	10.92	43.69
49	20.06	14.17	11.41	45.64
50	20.78	15.00	11.92	47.70
51	21.53	15.89	12.47	49.89
52	22.29	16.86	13.06	52.21
53	23.08	17·92	13.66	54.66
54	23.90	19.05	14.32	57.27

For explanation, see page 206.

No. 1.

nual Life Premium for $1,000 of Insurance is of Mortality, and 4 per cent. interest.

Age.	Reserve element.	Mortality element.	Expense element.	Gross Level Premium.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.
55	$24.73	$20.30	$15 01	$ 60.04
56	25.59	21.64	15.75	62.98
57	26.50	23.07	16.53	66.10
58	27.42	24.65	17.35	69.42
59	28.37	26.35	18.25	72.97
60	29.27	28.29	19.19	76.75
61	30.20	30.37	20.19	80.76
62	31.11	32.67	21.26	85.04
63	32.03	35.17	22.40	89.60
64	32.93	37.91	23.61	94.45
65	33.84	40.88	24.90	99.62
66	34.70	44.15	26.28	105.13
67	35.58	47.66	27.74	110.98
68	36.45	51.46	29.31	117.22
69	37.36	55.53	30.97	123.86
70	38.25	59.95	32.74	130.94
71	39.15	64.72	34.62	138.49
72	40.06	69.85	36.64	146.55
73	40.97	75.39	38.79	155.15
74	41.89	81.36	41.08	164.33
75	42.82	87.79	43.54	174.15
76	43.80	94.69	46.16	184.65
77	44.75	102.19	48.95	195.89
78	45.67	110.31	51.99	207.97
79	44.69	118.99	55.23	220.91
80	47.80	128.60	58.70	234.80
81	49.16	138.16	62.44	249.76
82	50.87	148.62	66.49	265.98
83	52.95	159.83	70.93	283.71
84	55.58	171.84	75.81	303.23
85	58.53	185.20	81.24	324.97
86	61.87	200.16	87.34	349.37
87	65.68	217.01	94.23	376.62
88	69.62	236.61	102.08	408.31
89	73.50	259.65	111.05	444.20
90	77.70	286.20	121.30	485.20
91	81.76	317.51	133.09	532.36
92	84.54	355.41	146.65	586.59
93	85.54	400.53	162.02	648.09
94	84.43	452.86	179.09	716.38
95	74.38	519.05	197.57	790.28
96	62.38	583.24	215.21	860.83
97	89.04	604.04	231.03	924.11
98	186.34	581.40	255.91	1,023.65
99	961.54		320.51	1,282.05

For explanation, see page 206.

TABLE

Showing the elements of which a Natural Premium based on the Actuaries' Table of

Age.	Mortality element.	Expense element.	Gross Natural Premiums,
	Col. 1.	Col. 2.	Col. 3.
10	$6.50	$2.17	$ 8.67
11	6.53	2.18	8.71
12	6.55	2.19	8.74
13	6.59	2.20	8.79
14	6.63	2.21	8.84
15	6.68	2.23	8.91
16	6.73	2.24	8.97
17	6.79	2.26	9.05
18	6.86	3.29	9.15
19	6.93	2.31	9.24
20	7.01	2.34	9.35
21	7.09	2.36	9.45
22	7.18	2.39	9.57
23	7.27	2.42	9.69
24	7.37	2.46	9.83
25	7.47	2.49	9.96
26	7.58	2.53	10.11
27	7.70	2.57	10.27
28	7.83	2.61	10.44
29	7.96	2.65	10.61
30	8.10	2.70	10.80
31	8.25	2.75	11.00
32	8.41	2.80	11.21
33	8.58	2.86	11.44
34	8.75	2.92	11.67
35	8.93	2.98	11.91
36	9.12	3.04	12.16
37	9.31	3.10	12.41
38	9.53	3.18	12.71
39	9.74	3.25	12.99
40	9.95	3.32	13.28
41	10.20	3.40	13.60
42	10.48	3.49	13.97
43	10.82	3.61	14.43
44	11.25	3.74	15.00
45	11.74	3.91	15.65
46	12.35	4.12	16.47
47	13.00	4.33	17.33
48	13.71	4.57	18.28
40	14.48	4.83	19.31
50	15.33	5.11	20.44
51	16.25	5.42	21.67
52	17.26	5.75	23.01
53	18.36	6.12	24.48
54	19.53	6.51	26.04

For explanation, see page 207.

No. 1½.

Annual Life Premium for $1,000 is composed, Mortality, and 4 per cent. interest.

Age,	Mortality element.	Expense element.	Gross Natural Premium
	Col. 1.	Col. 2.	Col. 3.
55	$ 20.83	$ 6.91	$ 27.77
56	22.24	7.41	29.65
57	23.73	7.91	31.64
58	25.37	8.46	33.83
59	27.16	9.05	36 21
60	29.17	9.72	38.89
61	31.36	10.45	41.81
62	33.77	11.26	45.03
63	36.38	12.13	48.51
64	39.26	13.09	52.35
65	42.39	14.13	56.52
66	45.78	15.26	61.04
67	49.49	16.49	65.98
68	53.49	17.83	71.32
69	57.78	19.26	77.04
70	62.44	20.81	83.25
71	67.46	22.49	89.95
72	72.89	24.29	97.18
73	78.73	26.24	104.97
74	85.07	28.36	113.43
75	91.89	30.63	122.52
76	99.21	33.07	132.28
77	107.18	35.73	142.91
78	115.81	38.60	154.41
79	125.06	41.69	166.75
80	135.01	45.00	180.01
81	145.61	46.40	192.01
82	156.92	52.31	209.23
83	169.15	56.38	225.53
84	182.38	60.79	243.17
85	197.21	65.74	262.95
86	213.92	71.31	285.23
87	232.92	77.64	310.56
88	255.07	85.02	340.09
89	281.14	93.71	374.85
90	311.28	103.76	415.04
91	347.10	115.70	462.80
92	389.68	129.89	519.57
93	439.64	146.55	586.19
94	496.45	165.48	661.93
95	561.80	187.27	749.07
96	623.70	207.90	831.60
97	665.68	221.89	887.57
98	721.15	240.38	961.53
99	961.54	320.51	1,282.05

For explanation, see page 207.

TABLE

Showing how much $1.00 per annum from 1 to

Years.	3 Per cent.	4 Per cent.	5 Per cent.	6 Per cent.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.
1	$1.03	$1.04	$1.05	$1.06
2	2.09	2.12	2.15	2.18
3	3.18	3.24	3.30	3.36
4	4.30	4.40	4.50	4.60
5	5.45	5.60	5.75	5.90
6	6.63	6.84	7.05	7.26
7	7.84	8.12	8.40	8.68
8	9.08	9.44	9.80	10.16
9	10.35	10.80	11.25	11.70
10	11.65	12.20	12.75	13.30
11	12.98	13.64	14.30	14.96
12	14.34	15.12	15.90	16.68
13	15.73	16.64	17.55	18.46
14	17.15	18.20	19.25	20.30
15	18.60	19.80	21.00	22.20
16	20.08	21.44	22.80	24.16
17	21.59	23.12	24.65	26.18
18	23.13	24.84	26.55	28.26
19	24.70	26.60	28.50	30.40
20	26.30	28.40	30.50	32.60
21	27.93	30.24	32.55	34.86
22	29.59	32.12	34.65	37.18
23	31.28	34.04	36.80	39.56
24	33.00	36.00	39.00	42.00
25	34.75	38.00	41.25	44.50
26	36.53	40 04	43.55	47.06
27	38.34	42.12	45.90	49.68
28	40.18	44.24	48.30	52.36
29	42.05	46.40	50.75	55.10
30	43.95	48.60	53.25	57.90
31	45.88	50.84	55.80	60.76
32	47.84	53.12	58.40	33.68
33	49.83	55.44	61.05	66.66
34	51.85	57.80	63.75	69.70
35	53.90	60.20	66.50	72.80
36	55.98	62.64	69.30	75.96
37	58.09	65.12	72.15	79.18
38	60.23	67.64	75.05	82.46
39	62.40	70.20	78.00	85.80
40	64.60	72.80	81.00	89.20
41	66.83	75.44	84.05	92.66
42	69.09	78.12	87.15	96.18
43	71.38	80.84	90.30	99.76
44	73.70	83.60	93.50	103.40
45	76.05	86.40	96.75	107.10
46	78.43	89.24	100.05	110.86
47	80.84	92.12	103.40	114.68
48	83.28	95.04	106.80	118 56
49	85.75	98.00	110.25	122.50
50	88.25	101.00	113.75	126.50

For explanation, see page 207.

No. 4.

will amount to, at **Simple Interest,** in **50** Years.

7 Per cent.	8 Per cent.	9 Per cent.	10 Per cent.	Years.
Col. 5	Col. 6.	Col. 7.	Col. 8.	
$1.07	$1.08	$1.09	$1.10	1
2.21	2.24	2.27	2.30	2
3.42	3.48	3.54	3.60	3
4.70	4.80	4.90	5.00	4
6.05	6.20	6.35	6.50	5
7.47	7.68	7.89	8.10	6
8.96	9.24	9.52	9.80	7
10.52	10.88	11.24	11.60	8
12.15	12.60	13.05	13.50	9
13.85	14.40	14.95	15.50	10
15.62	16.28	16.94	17.60	11
17.46	18.24	19.02	19.80	12
19.37	20.28	21.19	22.10	13
21.35	22.40	23.45	24.50	14
23.40	24.60	25.80	27.00	15
25.52	26.88	28.24	29.60	16
27.71	29.24	30.77	32.30	17
29.97	31.68	33.39	35.10	18
32.30	34.20	36.10	38.00	19
34.70	36.80	38.90	41.00	20
37.17	39.48	41.79	44.10	21
39.71	42.24	44.77	47.30	22
42.32	45.08	47.84	50.60	23
45.00	48.00	51.00	54.00	24
47.75	51.00	54.25	57.50	25
50.57	54.08	57.59	61.10	26
53.46	57.24	61.02	64.80	27
56.42	60.48	64.54	68.60	28
59.45	63.80	68.15	72.50	29
62.55	67.20	71.85	76.50	30
65.72	70.68	75.64	80.60	31
68.96	74.24	79.52	84.80	32
72.27	77.88	83.49	89.10	33
75.65	81.60	87.55	93.50	34
79.10	85.40	91.70	98.00	35
82.62	89.28	95.94	102.60	36
86.21	93.24	100.27	107.30	37
89.87	97.28	104.69	112.10	38
93.60	101.40	109.20	117.00	39
97.40	105.60	113.80	122.00	40
101.27	109.88	118.49	127.10	41
105.21	114.24	123.27	132.30	42
109.22	118.68	128.14	137.60	43
113.30	123.20	133.10	143.00	44
117.45	127.80	138.15	148.50	45
121.67	132.48	143.29	154.10	46
125.96	137.24	148.52	159.80	47
130.32	142.08	153.84	165.60	48
134.75	147.00	159.25	171.50	49
139.25	152.00	164.75	177.50	50

For explanation, see page 207.

TABLE

Showing how much $1.00 will amount

Years.	3 Per cent.	3½ Per cent.	4 Per cent.	4½ Per cent.	5 Per cent.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.
1	$1.030	$1.035	$1.040	$1.045	$1.050
2	1.061	1.071	1.082	1.092	1.103
3	1.093	1.109	1.125	1.141	1.158
4	1.126	1.148	1.170	1.193	1.216
5	1.159	1.188	1.217	1.246	1.276
6	1.194	1.229	1.265	1.302	1.340
7	1.230	1.272	1.316	1.361	1.407
8	1.267	1.317	1.369	1.422	1.478
9	1.305	1.363	1.423	1.486	1.551
10	1.344	1.411	1.480	1.553	1.629
11	1.384	1.460	1.540	1.623	1.710
12	1.426	1.511	1.601	1.696	1.796
13	1.469	1.564	1.665	1.772	1.886
14	1.513	1.619	1.732	1.852	1.980
15	1.558	1.675	1.801	1.935	2.079
16	1.605	1.734	1.873	2.022	2.183
17	1.653	1.795	1.948	2.113	2.292
18	1.702	1.858	2.026	2.209	2.407
19	1.754	1.923	2.107	2.308	2.527
20	1.806	1.990	2.191	2.412	2.653
21	1.860	2.059	2.279	2.520	2.786
22	1.916	2.132	2.370	2.634	2.925
23	1.974	2.206	2.465	2.752	3.072
24	2.033	2.283	2.563	2.876	3.225
25	2.094	2.363	2.666	3.005	3.386
26	2.157	2.446	2.773	3.141	3.556
27	2.221	2.532	2.883	3.282	3.734
28	2.288	2.620	2.999	3.430	3.920
29	2.357	2.712	3.119	3.584	4.116
30	2.427	2.807	3.243	3.745	4.322
31	2.500	2.905	3.373	3.914	4.538
32	2.575	3.007	3.508	4.090	4.765
33	2.652	3.112	3.648	4.274	5.003
34	2.732	3.221	3.794	4.466	5.253
35	2.814	3.334	3.946	4.667	5.516
36	2.898	3.450	4.104	4.877	5.792
37	2.985	3.571	4.268	5.097	6.081
38	3.075	3.696	4.439	5.326	6.386
39	3.167	3.825	4.616	5.566	6.705
40	3.262	3.959	4.801	5.816	7.040
41	3.360	4.098	4.993	6.078	7.392
42	3.461	4.241	5.193	6.352	7.762
43	3.565	4.390	5.401	6.637	8.150
44	3.672	4.543	5.617	6.936	8.557
45	3.782	4.702	5.841	7.248	8.985
46	3.895	4.867	6.075	7.574	9.434
47	4.012	5.037	6.318	7.915	9.906
48	4.132	5.214	6.571	8.272	10.401
49	4.256	5.396	6.833	8.644	10.921
50	4.384	5.585	7.107	9.033	11.467

For explanation, see page 207.

No. 5.

to compounded annually, for 1 to 50 years.

6 Per cent.	7 Per cen.	8 Per cent.	9 Per cent.	10 Per cent.	Years.
Col. 6.	Col. 7.	Col. 8.	Col. 9.	Col. 10.	
$1.060	$ 1.070	$ 1.080	$ 1.090	$ 1.100	1
1.124	1.145	1.166	1.188	1.210	2
1.191	1.225	1.260	1.295	1.331	3
1.263	1.311	1.361	1.412	1.464	4
1.338	1.403	1.469	1.539	1.611	5
1.419	1.501	1.587	1.677	1.772	6
1.504	1.606	1.714	1.828	1.949	7
1.594	1.718	1.851	1.993	2.144	8
1.690	1.839	1.999	2.172	2.358	9
1.791	1.967	2.159	2.367	2.594	10
1.898	2.105	2.332	2.580	2.853	11
2.012	2.252	2.518	2.813	3.138	12
2.133	2.410	2.720	3.066	3.452	13
2.261	2.579	2.937	3.342	3.798	14
2.397	2.759	3.172	3.643	4.177	15
2.540	2.952	3.426	3.970	4.595	16
2.693	3.159	3.700	4.328	5.055	17
2.854	3.380	3.996	4.717	5.560	18
3.026	3.617	4.316	5.142	6.116	19
3.207	3.870	4.661	5.604	6.728	20
3.400	4.141	5.034	6.109	7.400	21
3.604	4.430	5.437	6.659	8.140	22
3 820	4.741	5.872	7.258	8.954	23
4.049	5.072	6.341	7.911	9.850	24
4.292	5.427	6.849	8.623	10.835	25
4.549	5.807	7.396	9.399	11 918	26
4.822	6.214	7.988	10.245	13.110	27
5.112	6.649	8.627	11.167	14.421	28
5.418	7.114	9.317	12.172	15.863	29
5.744	7.612	10.063	13.268	17.449	30
6.088	8.145	10.868	14.462	19.194	31
6.453	8.715	11.737	15.763	21.114	32
6.841	9 325	12.676	17.182	23.225	33
7.251	9.978	13.690	18.728	25.548	34
7.686	10.677	14.785	20.414	28.102	35
8.147	11.424	15.968	22.251	30.913	36
8.626	12.224	17.246	24.254	34.004	37
9.154	13.079	18.625	26.437	37.404	38
9.704	13.995	20.115	28.816	41.145	39
10.286	14.975	21 725	31.409	45.259	40
10.903	16.023	23.463	34.236	49.785	41
11.557	17.144	25.340	37.318	54.764	42
12.251	18.344	27.367	40.676	60.240	43
12.986	19.629	29.556	44.337	66.264	44
13.765	21.003	31.920	48.327	72.891	45
14.591	22.473	34.474	52.677	80.180	46
15.466	24.046	37.232	57.418	88.198	47
16.394	25.729	40.211	62.585	97.017	48
17.378	27.530	43.427	68.218	106.719	49
18.420	29.457	46.902	74.358	117.391	50

For explanation, see page 207.

TABLE

Showing how much $1.00 per annum annually, for

Years.	3 Per cent.	3½ Per cent.	4 Per cent.	4½ Per cent.	5 Per cent.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.
1	1.030	1.035	1.040	1.045	1.050
2	2.091	2.106	2.122	2.137	2.153
3	3.184	3.215	3 247	3.278	3.310
4	4.309	4.363	4.416	4.471	4.526
5	5.468	5.550	5.633	5.717	5.802
6	6.663	6 779	6.898	7.019	7.142
7	7.892	8.052	8.214	8.380	8.549
8	9.159	9.369	9.583	9.802	10.027
9	10.464	10.731	11.006	11.288	11.578
10	11.808	12.142	12.486	12.841	13.207
11	13.192	13.602	14.026	14.464	14.917
12	14.618	15.113	15.627	16.160	16.713
13	16.086	16.677	17.292	17.932	18.599
14	17.599	18.296	19.024	19.784	20,579
15	19.157	19.971	20.825	21.719	22.658
16	20.762	21.705	22.698	23.742	24.840
17	22.414	23.500	24.645	25.855	27.132
18	24.117	25.357	26.671	28.064	29.539
19	25.870	27.280	28.778	30.371	32.066
20	27.677	29.270	30.969	32.783	34.719
21	29.537	31.329	33.248	35.303	37.505
22	31.453	33.460	35.618	37.937	40.431
23	33.427	35.667	38.083	40.689	43.502
24	35.459	37.950	40.646	43.565	46.727
25	37.553	40.313	43.312	46 571	50.114
26	39.710	42.759	46.084	49.711	53.669
27	41.931	45.291	48.968	52.993	57.403
28	44.219	47.911	51.966	56.423	61.323
29	46.575	50.623	55.085	60.007	65.439
30	49.003	53 430	58.328	63.752	69.761
31	51.503	56.335	61.702	67.666	74.299
32	54.078	59.341	65.210	71.756	79.064
33	56.730	62.453	68.858	76.030	84.067
34	59.462	65.674	72.652	80.497	89.320
35	62.276	69.008	76.598	85.164	94.836
36	65.174	72.458	80.702	90.041	100.628
37	68.159	76.029	84.970	95.138	106.710
38	71.234	79.725	89.409	100.464	113.095
39	74.401	83.550	94.026	106.030	119.800
40	77.663	87.510	98.827	111.847	126.840
41	81.023	91.607	103.820	117.925	134.232
42	84.484	95.849	109.012	124.276	141.993
43	88.048	100.238	114.413	130.914	150.143
44	91.720	104.782	120.029	137.850	158.700
45	95.502	109.484	125.871	145.098	167.685
46	99.397	114.351	131.945	152 673	177.119
47	103.408	119.388	138.263	160.588	187.025
48	107.541	124.602	144.834	168.859	197.427
49	111.797	129.998	151.667	177.503	208.348
50	116.182	135.583	159.274	186.536	219.815

For explanation, see page 208.

No. 6.

will amount to, compounded, 1 to 50 years.

6 Per cent.	7 Per cent.	8 Per cent.	9 Per cent.	10 Per cent.	Years.
Col. 6.	Col. 7	Col. 8.	Col. 9.	Col. 10.	
1.060	1.070	1.080	1.090	1.100	1
2 184	2.215	2.246	2.278	2.310	2
3.375	3.440	3.506	3.573	3.641	3
4.637	4.751	4.867	4.985	5.105	4
5.975	6.153	6.336	6,523	6.716	5
7.394	7.654	7.923	8.200	8.487	6
8.898	9.260	9.637	10.029	10.436	7
10.491	10.978	11.488	12.021	12.580	8
12.181	12.816	13.487	14.193	14.937	9
13.972	14.784	15.646	16.560	17.531	10
15.870	16.889	17.977	19.141	20.384	11
17.882	19.141	20.495	21.953	23.523	12
20.015	21.551	23.215	25.019	26.975	13
22.276	24.129	26.152	28.361	30 773	14
24.673	26.888	29.324	32.003	34 950	15
27.213	29.840	32.750	35.974	39.545	16
29.906	32.999	36.450	40.301	44.599	17
32.760	36.379	40.446	45.019	50.159	18
35.786	39.996	44.762	50.160	56.275	19
38.993	43.865	49.423	55.765	63.003	20
42.392	48.006	54.457	61 873	70.403	21
45.996	52.436	59.893	68.532	78.543	22
49.816	57.177	65.765	75.790	87.497	23
53.865	62.249	72.106	83.701	97.347	24
58.156	67.677	78.954	92.324	108.182	25
62.706	73.484	86.351	101.723	120.100	26
67.528	79.698	94.339	111.968	133.210	27
72.640	86.347	102.966	123.135	147.631	28
78.058	93.461	112.283	135.308	163.494	29
83.802	101.073	122.346	148.575	180 943	30
89.890	109.218	133.214	163.037	200.138	31
96.343	117.933	144.951	178.800	221.252	32
103.184	127.259	157.627	195.982	244.477	33
110.435	137.237	171.317	214.711	270.024	34
118.121	147.914	186.102	235.125	298.127	35
126.268	159.337	202.070	257.376	329.040	36
134.904	171.561	219.316	281.630	363.043	37
144.059	184.640	237.941	308.067	400.448	38
153 762	198.635	258.057	336.882	441.593	39
164.048	213.610	279.781	368.292	486.852	40
174.951	229.632	303.244	402.528	536.637	41
186.508	246.777	328.583	439.846	591.401	42
198.758	265.121	355.950	480.522	651.641	43
211.744	284.749	385.506	524.859	717.905	44
225.508	305.752	417.426	573.186	790.795	45
240.099	328.224	451.900	625.863	870.975	46
255.565	352.270	489.132	683.280	959.172	47
271.958	377.999	529.343	745.866	1,056.190	48
289 336	405.529	572.770	814.084	1,162.909	49
307.756	434.986	619.672	888.441	1,280.299	50

For explanation, see page 208.

TABLE

Showing how much $1.00 per annum, for annually for

Years.	3 Per cent.	3½ Per cent.	4 Per cent.	4½ Per cent.	5 Per cent.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.
11	12.16	12.57	12.99	13.42	13.87
12	12.53	13.00	13 51	14.02	14.56
13	12.90	13.46	14.05	14.65	15.29
14	13.29	13.93	14.61	15.31	16.05
15	13.69	14.42	15.19	16.00	16.86
16	14.10	14.93	15.80	16.72	17.70
17	14.52	15.45	16.43	17.48	18.58
18	14.96	15.99	17.09	18.26	19.51
19	15.41	16.55	17.77	19.08	20.49
20	15.87	17.13	18.48	19.94	21.51
21	16.34	17.73	19.22	20.84	22.59
22	16.84	18.35	19.99	21.78	23.72
23	17.34	18.99	20.79	22.76	25.60
24	17.86	19.65	21.62	23.78	26.15
25	18.40	20.34	22.49	24.85	27.46
26	18.95	21.05	23.39	25.97	28.83
27	19.52	21.79	24.32	27.14	30.27
28	20.10	22.55	25.29	28.36	31.78
29	20.71	23.34	26.31	29.64	33.37
30	21.33	24.16	27.36	30.97	35.04
31	21.97	25.01	28.45	32.36	36.79
32	22.62	25.88	29.59	33.82	38.63
33	23.30	26.79	30.78	35.34	40.56
34	24.00	27.72	32.00	36 93	42 59
35	24.72	28.69	33.29	38.59	44.72
36	25.46	29.70	34.62	40.33	46.96
37	26.23	30.74	36.00	42.14	49.31
38	27.02	31.81	37.44	44.04	51.77
39	27.82	32.93	38.94	46.02	54.36
40	28.67	34.08	40.50	48.09	57.08
41	29.52	35.27	42.12	50.26	59.93
42	30.41	36.51	43.80	52.52	62.93
43	31.32	37.78	45.56	54.88	66.08
44	32.26	39.11	47.38	57.35	69.38
45	33.23	40.48	49.27	59.93	72.85
46	34.22	41.89	51.24	62.63	76.49
47	35.25	43.36	53.29	65.45	80.32
48	36.31	44.88	55.42	68.39	84.33
49	37.40	46.45	57.64	71.47	88.55
50	38.52	48.07	59.95	74.69	92.98

For explanation, see page 208.

No. 7.

10 years, will amount to compounded 11 to 50 years.

6 Per cent.	7 Per cent.	8 Per cent.	9 Per cent.	10 Per cent.	Years.
Col. 6.	Col. 7.	Col. 8.	Col. 9.	Col. 10.	
14.81	15.82	16.90	18.05	19 28	11
15.70	16.93	18.25	19.67	21.21	12
16.64	18.11	19.71	21.45	23.33	13
17.64	19.38	21.29	23.38	25.67	14
18.70	20.74	22.99	25.48	28.23	15
19.82	22.19	24.83	27.77	31.06	16
21.01	23.74	26.81	30.27	34.16	17
22.17	25.40	28.96	33.00	37.58	18
23.61	27.18	31.28	35.97	41.34	19
25.02	29.08	33.78	39.20	45.47	20
26.52	32.75	36.48	42.73	50.02	21
28.11	33.30	39.40	46.58	55.01	22
29.80	35.63	42.55	50.77	60.52	23
31.59	38.12	45.95	55.34	66.57	24
33.48	40.79	49.63	60.32	73.23	25
34.98	43.64	53.60	65.74	80.56	26
37.62	46.70	57.89	71.67	88.61	27
39 88	49.97	62.52	78.11	97.47	28
42.27	53.46	67.52	85.15	107.20	29
44.81	57.21	72.92	92.80	117.94	30
47.50	61.21	78.76	101.16	129.73	31
50.35	65.50	85.06	110.27	142.70	32
53.37	70.08	91.86	120.19	156.90	33
56.57	74.99	99.21	131.01	172.68	34
59.86	80.24	107.15	142.80	189.95	35
63.56	85.85	115.72	155.65	208.94	36
67.38	91.86	124.99	169.66	229.83	37
71.42	98.29	134.98	184.93	252.80	38
75.70	105.17	145.77	201.54	278.05	39
80.25	112.54	157.44	219.72	305.90	40
85.17	120.41	170.03	239.46	336.49	41
90.16	128.84	183.63	260.99	370.08	42
95.57	137.86	198.32	284.51	407.16	43
101.31	147.51	214.19	310.14	447.88	44
107.39	157.84	231.32	338.06	492.63	45
113.83	168.89	249.83	368.47	541.71	46
120.66	180.71	269.82	401.59	596.06	47
127.90	193.36	291.40	437.79	655.67	48
135.57	206.89	314.71	477.20	721 23	49
143.71	221.38	339.89	520.14	793.45	50

For explanation, see page 208.

TABLE

Showing how much $1.00 per annum annually for 16

Years.	3 Per cent.	3½ Per cent.	4 Per cent.	4½ Per cent.	5 Per cent.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.
16	19.73	20.67	21.66	22.70	23.79
17	20.32	21.39	22.52	23.71	24.98
18	20.93	22.14	23.43	24.79	26.23
19	21.56	22.92	24.36	25.90	27.54
20	22.21	23.72	25.34	27.07	28.72
21	22.88	24.55	26.35	28.29	30.36
22	23.56	25.41	27.40	29 55	31.88
23	24.27	26.30	28.50	30.89	35.48
24	25.00	27.27	29.64	32.28	35.15
25	25.74	28.16	30.82	33.73	36.91
26	26.52	29.06	32.06	35.25	38.75
27	27.31	30.18	33.34	36.83	40.69
28	28.13	31.23	34.67	38.50	42.72
29	28.98	32.33	36.06	40.22	44.87
30	29 85	33.46	37.50	42.03	47.11
31	30.74	34.63	39.00	43.93	49.46
32	31.66	35.84	40.56	45.90	51.93
33	32.61	37.10	42.19	47.97	54.53
34	33.59	38.39	43.87	50.12	57.26
35	34.60	39.74	45.63	52.39	60.12
36	35.64	41.13	47 45	54.73	63.12
37	36.71	41.97	49.35	57.20	66.28
38	37.81	44.06	51.33	59.78	69.59
39	38.94	45.60	53.38	62.47	73.07
40	40.11	47.20	55.51	65.28	76.73
41	41.31	48 05	57.74	68.21	80.56
42	42.55	50.56	60.05	71.29	84.59
43	43.83	52.33	62.45	74.50	88.82
44	45.15	54.16	64.95	77.84	93.36
45	46.50	56.05	67.54	81.34	97.92
46	47.89	58.02	70.24	85.00	102.82
47	49.33	60.05	73.05	88.80	107.96
48	50.81	62.14	75.98	92.82	113.36
49	52.34	64.32	79.01	97.00	119.03
50	53.90	66.58	82.18	101.38	124.98

For explanation, see page 208.

No. 8.

for 15 years will amount to, compounded to 50 years.

6 Per cent.	7 Per cent.	8 Per cent.	9 Per cent.	10 Per cent.	Years.
Col. 6.	Col. 7.	Col. 8.	Col 9.	Col. 10.	
26.15	28.77	31.67	34.88	38.44	16
27.72	30.78	34.20	38.02	42.29	17
29.39	32.94	37.04	41.44	46.52	18
31.15	35.24	39.90	45.18	51.17	19
33.02	37.71	43.08	49.24	56.27	20
35.00	40.35	46.53	53.67	61.92	21
37.10	43.18	50.26	58.50	68.11	22
39.32	46.20	54.28	63.77	74.92	23
41.68	49.43	58.62	69.51	82.41	24
44.18	52.89	63.31	75.75	90.65	25
46.84	56.60	68.37	82.57	99.71	26
49.65	60.56	73.84	90.02	109.67	27
52.62	64.79	79.75	98.12	120.65	28
55.78	69.33	86.13	106.95	132.72	29
59.13	74.18	93.02	116.57	145.98	30
62.68	79.38	100.46	127.05	160.59	31
66.44	84.93	108.50	138.50	176.64	32
70.42	90.88	117.18	150.96	194.32	33
74.65	97.24	126.55	164.55	213.74	34
79.13	104.05	136.68	179.35	235.11	35
83.88	111.33	147.61	195.50	258.63	36
88.91	119.12	159.42	213.10	284.49	37
94.24	127.46	172.18	232.28	312.94	38
99.90	136.39	185.95	253.18	344.24	39
105.89	145.93	200.83	275.97	378.67	40
112.25	156.05	216.89	300.80	416.53	41
118.98	167.08	234.25	327.88	458.19	42
126.12	178.77	252.98	357.38	503.98	43
133.69	191.29	273.22	389.48	554.30	44
141.71	204.68	295.08	424.61	609.84	45
150.21	219.01	318 69	462.77	670.68	46
159.22	234.34	344.18	504.37	737.79	47
168.77	250.74	371.71	549.82	811.71	48
178.90	268.29	401.45	599.36	892.88	49
189.64	287.07	433.57	653.32	982.09	50

For explanation, see page 208.

TABLE

Showing how much $1.00 per annum annually for 21

Years.	3 Per cent.	3½ Per cent.	4 Per cent.	4½ Per cent.	5 Per cent.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col 5.
21	28.51	30.29	32.21	34.26	36.46
22	29.36	31.35	33.50	35.80	38.28
23	30.24	32.45	34.84	37.41	40.19
24	31.15	33.59	36.23	39.09	42.20
25	32.09	34.76	37.68	40.85	44.31
26	33.05	35.99	39.18	42.69	46.53
27	34.04	37.24	40.75	44.61	48.85
28	35.06	38.54	42.38	46.62	51.30
29	36.11	39.89	44.08	48.72	53.86
30	37.19	41.29	45.84	50.91	56.55
31	38.31	42.73	47.68	53.20	59.38
32	39.46	44.23	49.58	55.60	62.35
33	40.64	45.78	51.56	58.10	65.47
34	41.86	47.38	53.63	60.71	68.74
35	43.12	49.04	55.77	63.45	72.18
36	44.41	50.75	58.01	66.30	75.79
37	45.74	52.53	60.32	69.28	79.58
38	47.12	54.37	63.67	72.40	83 56
39	48.53	56.27	65.25	75.66	87.74
40	49.99	58.24	67.86	79.06	92.12
41	51.49	60.28	70.57	82.62	96.73
42	53.03	62.39	73.39	86.34	101.55
43	55.02	64.57	76.33	90.23	106.64
44	56.26	66.83	79.38	94.28	111.97
45	57.95	69.17	82.56	98.53	117.57
46	59.69	71.59	85.86	102.96	123.45
47	61.48	74.10	89.30	107.49	129.62
48	63.32	76.69	92.88	112.44	136.10
49	65.22	79.38	96.58	117.49	142.91
50	67.18	82.15	100.45	122.78	150.05

For explanation, see page 208.

No. 9.

for 20 years will amount to, compounded to 50 years.

6 Per cent.	7 Per cent.	8 Per cent.	9 Per cent.	10 Per cent.	Years.
Col. 6.	Col. 7.	Col. 8.	Col. 9.	Col. 10.	
41.33	46.94	53.38	60.78	69.30	21
43.81	50.22	57.65	66.25	76.23	22
46.44	53.73	62.26	72.22	83.86	23
49.23	57.50	67.24	78.72	92.24	24
52.18	61.53	72.62	85.80	101.47	25
55.31	65.83	78.43	93.52	111.62	26
58.63	70.44	84.70	101.94	122.77	27
62.15	75.37	91.48	111.08	135.05	28
65.88	80.65	98.80	121.11	148.55	29
69.83	86.29	106.70	131.99	163.41	30
74.02	92.33	115.13	143.87	179.75	31
78.46	98.79	124.45	156.85	197.70	32
83.17	105.71	134.41	170.96	217.48	33
88.16	113.11	145.16	186.35	239.25	34
93.45	120.62	156.78	203.12	263.16	35
99.05	129.50	169.32	221.39	289.50	36
104.99	138.56	182 86	241.33	318.45	37
111.30	148.26	197.49	263.04	350.29	38
117.98	159.55	213.29	286.72	385.32	39
125.05	169.75	230.36	312.50	423.85	40
132.56	181.63	248.79	340.65	466.22	41
140.51	194.34	268.69	371.31	512.84	42
148.94	207.94	290.19	404.73	564.12	43
157.88	222.50	313.40	441.16	620.56	44
167.35	238.07	338.47	480.86	682.61	45
177.39	254.74	365.55	524.13	750.86	46
188.03	272.57	394.80	571.31	825.96	47
199.32	291.65	426.38	622.72	908.50	48
211.28	312.07	460.49	678.76	999.41	49
223.95	333.92	497.33	739.87	1099.36	50

For explanation, see page 208.

TABLE

Showing the present value of $1.00 due 50, in

YEARS.	3 Per cent.	3½ Per cent.	4 Per cent.	4½ Per cent.	5 Per cent.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.
1	.9709	.9662	.9615	.9569	.9524
2	.9426	.9335	.9246	.9157	.9070
3	.9151	.9019	.8890	.8763	.8638
4	.8885	.8714	.8548	.8386	.8227
5	.8626	.8420	.8219	.8025	.7835
6	.8375	.8135	.7903	.7679	.7462
7	.8131	.7860	.7599	.7348	.7107
8	.7894	.7594	.7307	.7032	.6768
9	.7664	.7337	.7026	.6729	.6446
10	.7441	.7089	.6756	.6439	.6139
11	.7224	.6849	.6496	.6162	.5847
12	.7014	.6618	.6246	.5897	.5568
13	.6810	.6394	.6006	.5643	.5303
14	.6611	.6178	.5775	.5400	.5051
15	.6419	.5969	.5553	.5167	.4810
16	.6232	.5767	.5339	.4945	.4581
17	.6050	.5572	.5134	.4732	.4363
18	.5874	.5384	.4936	.4528	.4155
19	.5703	.5202	.4746	.4333	.3957
20	.5537	.5026	.4564	.4146	.3769
21	.5375	.4856	.4388	.3968	.3589
22	.5219	.4692	.4220	.3797	.3419
23	.5067	.4533	.4057	.3634	.3256
24	.4919	.4380	.3901	.3477	.3101
25	.4776	.4231	.3751	.3327	.2953
26	.4637	.4088	.3607	.3184	.2812
27	.4502	.3950	.3468	.3047	.2678
28	.4371	.3817	.3335	.2916	.2551
29	.4243	.3687	.3206	.2790	.2429
30	.4120	.3563	.3083	.2670	.2314
31	.4000	.3442	.2965	.2555	.2204
32	.3883	.3326	.2851	.2445	.2099
33	.3770	.3213	.2741	.2340	.1999
34	.3660	.3105	.2636	.2239	.1904
35	.3554	.3000	.2534	.2143	.1813
36	.3450	.2898	.2437	.2050	.1727
37	.3350	.2800	.2343	.1962	.1644
38	.3252	.2706	.2253	.1878	.1566
39	.3158	.2614	.2166	.1797	.1491
40	.3066	.2526	.2083	.1719	.1420
41	.2976	.2440	.2003	.1645	.1353
42	.2890	.2358	.1926	.1574	.1288
43	.2805	.2278	.1852	.1507	.1227
44	.2724	.2201	.1780	.1442	.1169
45	.2644	.2127	.1712	.1380	.1113
46	.2567	.2055	.1646	.1320	.1060
47	.2493	.1985	.1583	.1263	.1009
48	.2420	.1918	.1522	.1209	.0961
49	.2350	.1853	.1463	.1157	.0916
50	.2281	.1791	.1407	.1107	.0872

For explanation, see page 208.

No. 10.

in any number of years, from 1 to
clusive.

6 Per cent.	7 Per cen.	8 Per cent.	9 Per cent.	10 Per cent.	Years.
Col. 6.	Col. 7.	Col. 8.	Col. 9.	Col. 10.	
.9434	.9346	.9259	.9174	.9091	1
.8900	.8734	.8573	.8417	.8264	2
.8396	.8163	.7938	.7722	.7513	3
.7921	.7629	.7350	.7084	.6830	4
.7473	.7130	.6806	.6499	.6209	5
.7050	.6663	.6302	.5963	.5645	6
.6651	.6228	.5835	.5470	.5132	7
.6274	.5820	.5403	.5019	.4665	8
.5919	.5439	.5002	.4604	.4241	9
.5584	.5083	.4632	.4224	.3855	10
.5268	.4751	.4289	.3875	.3505	11
.4970	.4440	.3971	.3555	.3186	12
.4688	.4150	.3678	.3262	.2897	13
4423	.3878	.3405	.2992	.2633	14
.4173	.3624	.3152	.2745	.2394	15
.3936	.3387	.2919	.2519	.2176	16
.3714	.3166	.2703	.2311	.1978	17
.3503	.2959	.2502	.2120	.1799	18
.3305	.2765	.2317	.1945	.1635	19
.3118	.2584	.2145	.1784	.1486	20
.2942	.2415	.1987	.1637	.1351	21
.2775	.2257	.1839	.1502	.1228	22
.2618	.2109	1703	.1378	.1117	23
.2470	.1971	.1577	.1264	.1015	24
.2330	.1842	.1460	.1160	.0923	25
.2198	.1722	.1352	.1064	.0839	26
.2074	.1609	.1252	.0976	.0763	27
.1956	.1504	.1159	.0895	.0693	28
.1846	.1406	.1073	.0822	.0630	29
.1741	.1314	.0994	.0754	.0573	30
.1643	.1228	.0920	.0691	.0521	31
.1550	.1147	.0852	.0634	.0474	32
.1462	.1072	.0789	.0582	.0431	33
.1379	.1002	.0730	.0534	.0391	34
.1301	.0937	.0676	.0490	.0356	35
.1227	.0875	.0626	.0449	.0323	36
.1158	.0818	.0580	.0412	.0294	37
.1092	.0765	.0537	.0378	.0267	38
.1031	.0715	.0497	.0347	.0244	39
.0972	.0668	.0460	.0318	.0221	40
.0917	.0624	.0426	.0292	.0201	41
.0865	.0583	.0395	.0268	.0183	42
.0816	.0545	.0365	.0246	.0166	43
0770	.0509	.0338	.0226	.0151	44
.0727	.0476	.0313	.0207	.0137	45
.0685	.0445	.0290	.0190	.0125	46
.0647	.0416	.0269	.0174	.0113	47
.0610	.0389	.0249	.0160	.0103	48
.0575	.0363	.0230	.0147	.0094	49
.0543	.0339	.0213	.0134	.0085	50

For explanation, see page 208

TABLE

Showing the present value of $1.00 per from 1 to

Years.	3 Per cent.	3½ Per cent.	4 Per cent.	4½ Per cent.	5 Per cent.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.
1	.9709	.9662	0.9615	0.9569	0.9524
2	1.9135	1.8997	1.8861	1.8727	1.8594
3	2.8286	2.8016	2.7751	2.7490	2.7232
4	3.7171	3.6731	3.6299	3.5875	3.5460
5	4.5797	4.5151	4.4518	4.3900	4.3295
6	5.4172	5.3286	5.2421	5.1579	5.0757
7	6.2303	6.1145	6.0021	5.8927	5.7864
8	7.0197	6.8740	6.7327	6.5959	6.4632
9	7.7861	7.6077	7.4353	7.2688	7.1078
10	8.5302	8.3166	8.1109	7.9127	7.7217
11	9.2526	9.0016	8.7605	8.5289	8.3064
12	9.9540	9.6633	9.3851	9.1186	8.8633
13	10.6350	10.3027	9.9856	9.6829	9.3936
14	11.2961	10.9205	10.5631	10.2228	9.8986
15	11.9379	11.5174	11.1184	10.7395	10.3797
16	12.5611	12.0941	11.6523	11.2340	10.8378
17	13.1661	12.6513	12.1657	11.7072	11.2741
18	13.7535	13.1897	12.6593	12.1600	11.6896
19	14.3238	13.7098	13.1339	12.5933	12.0853
20	14.8775	14.2124	13.5903	13.0079	12.4622
21	15.4150	14.6980	14.0292	13.4047	12.8212
22	15.9369	15.1671	14.4511	13.7844	13.6030
23	16.4436	15.6204	14.8568	14.1478	13.4886
24	16.9355	16.0584	15.2470	14.4955	13.7986
25	17.4131	16.4815	15.6221	14.8282	14.0939
26	17.8768	16.8904	15.9828	15.1466	14.3752
27	18.3270	17.2854	16.3296	15.4513	14.6430
28	18.7641	17.6670	16.6631	15.7429	14.8981
29	19.1885	18.0358	16.9837	16.0219	15.1411
30	19.6004	18.3920	17.2920	16.2889	15 3725
31	20.0004	18.7363	17.5885	16.5444	15.5928
32	20.3888	19.0689	17.8736	16.7889	15.8027
33	20.7658	19.3902	18.1476	17.0229	16.0025
34	21.1318	19.7007	18.4112	17.2468	16.1929
35	21.4872	20.0007	18.6646	17.4610	16.3742
36	21.8323	20.2905	18.9083	17.6660	16.5469
37	22.1672	20.5705	19.1426	17.8622	16.7113
38	22.4925	20.8411	19.3679	18.0500	16.8679
39	22.8082	21.1025	19.5845	18.2297	17.0170
40	23.1148	21.3551	19.7928	18.4016	17.1591
41	23.4124	21.5991	19.9931	18.5661	17.2944
42	23.7014	21.8349	20.1856	18.7235	17.4232
43	23.9819	22.0627	20.3708	18.8742	17.5459
44	24.2543	22.2828	20.5488	19.0184	17.6628
45	24.5187	22.4955	20.7200	19.1563	17.7741
46	24.7754	22.7009	20.8847	19.2884	17.8801
47	25.0247	22.8994	21.0429	19.4147	17.9801
48	25.2667	23.0912	21.1951	19.5356	18.0772
49	25.5017	23.2766	21.3415	19.6513	18.1687
50	25.7298	23.4556	21.4852	19.7620	18.2559

For explanation, see page 208.

No. II.

annum due in any number of years, 50, inclusive.

6 Per cent.	7 Per cent.	8 Per cent.	9 Per cent.	10 Per cent.	Years.
Col. 6.	Col. 7.	Col. 8.	Col. 9.	Col. 10.	
0.9434	0.9346	0.9259	0.9174	0.9091	1
1.8334	1.8080	1.7833	1.7591	1.7355	2
2.6730	2.6243	2.5771	2.5313	2.6849	3
3.4651	2.3872	3.3121	3.2397	3.1699	4
4.2124	4.1002	3.9927	3.8897	3.7908	5
4.9173	4.7665	4.6229	4.4859	4.3543	6
5.5824	5.3893	5.2064	5.0330	4 8684	7
6.2098	5.9713	5.7466	5.5348	5.3349	8
6.8017	6.5152	6.2469	5.9952	5.7590	9
7.3601	7.0236	6.7101	6.4177	6,1446	10
7.8869	7.4987	7.1390	6.8052	6.4951	11
8.3838	7.9427	7.5361	7.1607	6.8137	12
8.8527	8.3577	7.9038	7.4869	7.1034	13
9.2950	8.7455	8.2442	7.7861	7.3677	14
9.7122	9.1079	8.5595	8.0607	7.6061	15
10.1059	9.4466	8.8514	8.3125	7.8237	16
10.4773	9.7632	9.1216	8.5436	8.0216	17
10.8276	10.0591	9.3719	8.7556	8.2014	18
11.1501	10.3356	9.6036	8.9501	8.3649	19
11.4699	10.5940	9.8181	9.1285	8.5136	20
11.7641	10.8355	10.0168	9.2922	8.6487	21
12.0416	11.0612	10.2007	9.4424	8.7715	22
12.3034	11.2722	10.3711	9.5802	8.8832	23
12.5504	11.4693	10.5288	9.7066	8.9847	24
12.7834	11.6536	10.6748	9.8226	9.0770	25
13.0032	11.8258	10.8100	9.9290	9.1609	26
13.2105	11.9867	10.9352	10.0266	9.2372	27
13.4062	12.1371	11.0511	10.1161	9.3066	28
13.5907	12.2777	11.1584	10.1983	9.3696	29
13.7648	12.4090	11.2578	10.2736	9.4269	30
13.9291	12.5318	11.3498	10.3428	9.4790	31
14.0840	12.6466	11.4350	10.4062	9.5264	32
14.2302	12.7538	11.5139	10.4644	9.5694	33
14.3681	12.8540	11.5869	10.5178	9.6086	34
14.4982	12.9477	11.6546	10.5668	9.6442	35
14.6210	13.0352	11.7172	10.6117	9.6765	36
14.7368	13.1170	11.7752	10.6530	9.7059	37
14.8460	13.1935	11.8289	10.6908	9.7327	38
14.9491	13.2649	11.8786	10.7255	9.7570	39
15.0463	13.3317	11.9246	10.7573	9.7791	40
15.1380	13.3941	11.9672	10.7866	9.7991	41
15.2245	13.4524	12.0067	10.8134	9.8174	42
15.3062	13.5070	12.0432	10.8379	9.8340	43
15.3832	13.5579	12.0771	10.8605	9.8491	44
15.4558	13.6055	12.1084	10.8812	9.8628	45
15.5244	13.6500	12.1374	10.9002	9.8753	46
15.5890	13.6916	12.1643	10.9176	9.8866	47
15.6500	13.7305	12.1891	10.9336	9.8969	48
15.7076	13.7668	12.2122	10.9482	9.9063	49
15.7619	13.8007	12.2335	10.9617	9.9148	50

For explanation, see page 208.

TABLE

Showing how much money must be invested 1 to 50 years, to

Years.	3 Per cent.	3½ Per cent.	4 Per cent.	4½ Per cent.	5 Per cent.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.
1	970.90	966.20	961.54	956.95	952.38
2	478.26	474.79	471.34	467.95	464.58
3	314.11	311.05	308.02	305.05	302.11
4	232.07	229.23	226.43	223.68	220.97
5	182.87	180.01	177.53	174.94	172.36
6	150.10	147.50	144.96	142.47	140.02
7	126.70	124.19	121.74	119.33	116.97
8	109.18	106.74	104.35	102.02	99.73
9	95.57	93.18	90.86	88.59	86.37
10	84.69	82.36	80.09	77.88	75.72
11	75.80	73.52	71.30	69.14	67.04
12	68.41	66.18	63.99	61.88	59.83
13	62.16	59.96	57.83	55.77	53.77
14	56.82	54.66	52.57	50.55	48.59
15	52.20	50.07	48.02	46.04	44.14
16	48.16	46.07	44.06	42.12	40.26
17	44 61	42 56	40.58	38.68	36.86
18	41.47	39.44	37.50	35.63	33.85
19	38.66	36 91	34.75	32 93	31.19
20	36.13	34.17	32.29	30.50	28.80
21	33.86	31.92	30.08	28.33	26.66
22	31.71	29.89	28.08	26.36	24.73
23	29.91	28.04	26.26	24.58	22.99
24	28.20	26.35	24.60	22.95	21.40
25	26.63	24.81	23.09	21.47	19.96
26	25.18	24.38	21.70	20.12	18.63
27	23.85	22.08	20.42	18.87	17.42
28	22.62	20.87	19.24	17.72	16.31
29	21.48	19.75	18.16	16.67	15.28
30	20.41	18.72	17.14	15.69	14.34
31	19.42	18.07	16 21	14.78	13.46
32	18.49	16.85	15.34	13.94	12.65
33	17.63	16.01	14.52	13.16	11.90
34	16.82	15.23	13.76	12.42	11.20
35	16.06	14.49	13.06	11.74	10.55
36	15.34	13.80	12.39	11.11	9.94
37	14.67	13.15	11.77	10.51	9.37
38	14.04	12.54	11.19	9 96	8.84
39	13.44	11.97	10.64	9.43	8.35
40	12.88	11.43	10.12	8.94	7.88
41	12.34	10.92	9.63	8.48	7.45
42	11.84	10.43	9.17	8.04	7.04
43	11.36	9.98	8.74	7.64	6.66
44	10.90	9.54	8.33	7.25	6.30
45	10.50	9.13	7.94	6.89	5.97
46	10.06	8.75	7.58	6.55	5.65
47	9.67	8.38	7.23	6.23	5.35
48	9.30	8.03	6.91	5.92	5.06
49	8.94	7.69	6.59	5.63	4.80
50	8.61	7.38	6.30	5.36	4.55

For explanation, see page 209.

No. 12.

every year, and compounded annually for amount to $1,000.

6 Per cent.	7 Per cent.	8 Per cent.	9 Per cent.	10 Per cent.	Years.
Col. 6.	Col. 7.	Col. 8.	Col. 9.	Col. 10.	
943.40	934.58	925.93	917.43	909.09	1
457.96	451.49	445.16	438.96	432.90	2
296.33	290.71	285.22	279.87	274.65	3
215.65	210.50	205.48	200.61	195.88	4
167.35	162.51	157.83	153.30	148.91	5
135.25	130.65	126.22	121.95	117.83	6
112.39	107.99	103.77	99.72	95.82	7
95.32	91.09	87.05	83.19	79.49	8
82.10	78.03	74.14	70.46	66.95	9
71.57	67.64	63.92	60.39	56.91	10
63.01	59.21	55.63	52.25	49.06	11
55.92	52.24	48.79	45.55	42.51	12
49.96	46.40	43.08	39.97	37.07	13
44.89	41.44	38.24	35.26	32.50	14
40.53	37.19	34.10	31.25	28.61	15
36.75	33.51	30.53	27.80	25.29	16
33.44	30.30	27.44	24.81	22.42	17
30.53	27.49	24.72	22.21	19.94	18
27.94	25.00	22.34	19.94	17.77	19
25.65	22.80	20.23	17.93	15.87	20
23.59	20.83	18.36	16.16	14.20	21
21.74	19.07	16.70	14.59	12.73	22
20.07	17.49	15.21	13.19	11.43	23
18.57	16.06	13.87	11.95	10.27	24
17.20	14.78	12.67	10.83	9.24	25
15.95	13.61	11.58	9.83	8.33	26
14.81	12.55	10.60	8.93	7.51	27
13.77	11.58	9.71	8.12	6.77	28
12.81	10.70	8.91	7.39	6.12	29
11.93	9.89	8.17	6.73	5.53	30
11.12	9.15	7.51	6.13	5.00	31
10.38	8.48	6.90	5.59	4.52	32
9.69	7.86	6.34	5.10	4.09	33
9.05	7.29	5.84	4.66	3.70	34
8.47	6.76	5.37	4.25	3.35	35
7.92	6.28	4.95	3.89	3.04	36
7.41	5.83	4.56	3.55	2.75	37
6.74	5.42	4.21	3.25	2.50	38
6.51	5.03	3.87	2.97	2.26	39
6.10	4.68	3.57	2.72	2.05	40
5.72	4.35	3.30	2.48	1.86	41
5.36	4.05	3.04	2.27	1.69	42
5.03	3.77	2.81	2.08	1.53	43
4.72	3.51	2.59	1.91	1.39	44
4.43	3.27	2.40	1.74	1.26	45
4.17	3.05	2.21	1.60	1.15	46
3.92	2.84	2.04	1.46	1.04	47
3.68	2.65	1.89	1.34	.95	48
3.46	2.47	1.75	1.23	.86	49
3.25	2.30	1 61	1.13	.78	50

For explanation, see page 209.

TABLE

Showing how much money must be invested nually, to amount to $1,000

YEARS.	3 Per cent.	3½ Per cent.	4 Per cent.	4½ Per cent.	5 Per cent.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col 5.
11	$82.22	$79.57	$77.01	$74.52	$72.11
12	79.83	76.88	74.05	71.31	68.68
13	77.51	74.29	71.20	68.24	65.41
14	75.24	71.77	68.46	65.30	62.29
15	73.06	69.34	65 82	62.49	59.33
16	70.92	67.00	63.30	59.80	56.50
17	68.86	64.73	60.86	57.22	53.81
18	66.85	62.58	58.52	54.76	51.25
19	64.91	60.43	56.27	52.40	49.81
20	63.02	58.39	54.11	50.14	46.49
21	61.18	56.41	52.02	47.99	44.27
22	59.39	54.50	50.02	45.92	42.16
23	57.67	52.65	48.10	43.94	40.16
24	55.99	50.98	46.25	42.05	38.24
25	54.35	49.16	44.47	40.24	36.42
26	52.78	47.50	42.76	38.51	34.69
27	51.24	45.89	41.12	36.85	33.04
28	49.75	44.34	39.53	35.26	31.46
29	48.29	42.84	38.01	33.74	29.96
30	46.93	41.39	36.55	32.29	28.54
31	45.52	40.00	35.14	30.90	27.18
32	44.20	38.65	33.79	29.58	25.88
33	42.91	37.34	32.49	28.30	24.67
34	41.07	36.07	31.25	27.08	23 44
35	40.40	34.85	30.04	25.91	22.34
36	39.23	33.67	28.89	24.79	21.30
37	38.13	32.53	27.78	23.73	20.30
38	37.00	31.41	26.71	22.71	19.32
39	35.94	30.36	25.68	21.73	18.40
40	34.90	29.34	24.69	20.79	17.53
41	33.87	28.35	23.74	19.90	16.69
42	32.90	27.40	22.83	19.04	15.90
43	31.93	26.47	21.95	18.22	15.13
44	31.00	25.57	21.11	17.44	14.42
45	30.10	24.71	20.30	16.68	13.73
46	29.22	23.87	19.52	15.97	13.08
47	28.37	23.06	18.77	15.30	12.45
48	27.55	22.29	18.04	14.62	11.86
49	26.75	21.53	17.35	14.00	11.29
50	25.97	20.80	16.68	13.40	10.75

For explanation, see page 209.

No. 13.

every year, for 10 years, and compounded, an- in 11 to 50 years.

6 Per cent.	7 Per cent.	8 Per cent.	9 Per cent.	10 Per cent.	Years.
Col. 6.	Col. 7.	Col. 8.	Col. 9.	Col. 10.	
$67.52	$63.22	$59.18	$55.40	$51.86	11
63.71	59.08	54.80	50.83	47.14	12
60.00	55.22	50.74	46.63	42.86	13
56.69	51.60	46.98	42.78	38.96	14
53.49	48.23	43.50	39.25	35.42	15
50.46	45.07	40.28	36.01	32.20	16
47.60	42.12	37.30	33.03	29.27	17
44.91	39.40	34.53	30.31	26.60	18
42.36	36.79	31.97	27.80	24.19	19
39.97	34.39	29.61	25.51	21.99	20
37.70	32.14	27.41	22.87	19.99	21
35.57	30.03	25.38	21.47	18.18	22
33.56	28.07	23.50	19.71	16.52	23
31.66	26.23	21.76	18.07	15.20	24
29.86	24.52	20.15	16.58	13.66	25
28.17	22.91	18.66	15.21	12.41	26
26.58	21.41	17 27	13.95	11.29	27
25.08	20.01	16.00	12.80	10.26	28
23.66	18.70	14.81	11.74	9.33	29
22.32	17.48	13.71	10.78	8.48	30
21.05	16.34	12.71	9.89	7.71	31
19.88	15.27	11.75	9.07	7.01	32
18.84	14.27	10.89	8.32	6.37	33
17.67	13.33	10.08	7.63	5.79	34
16.68	12.46	9.33	7.00	5.27	35
15.73	11.64	8.64	6.43	4.79	36
14.85	10.90	8.00	5.90	4.35	37
14.04	10.17	7.41	5.41	3.95	38
13.25	9.51	6.87	4.96	3.60	39
12.47	8.90	6.35	4.55	3.29	40
11.75	8.30	5.88	4.18	2.97	41
11.10	7.76	5.44	3.83	2,70	42
10.46	7.26	5.04	3.51	2.45	43
9.87	6.77	4.67	3.23	2.23	44
9.31	6.33	4.32	2.96	2.03	45
8.79	5.92	4.00	2.72	1.85	46
8.21	5.53	3.71	2.44	1.68	47
7.82	5.17	3.43	2.29	1.53	48
7.38	4.83	3.18	2.10	1.39	49
6.97	4.52	2.94	1.92	1.27	50

For explanation, see page 209

TABLE

Showing how much money must be invested nually, to amount to $1,000

Years.	3 Per cent.	3½ Per cent.	4 Per cent.	4½ Per cent.	5 Per cent.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.
16	$50.67	$48.38	$46.17	44.06	42.03
17	49.21	46.75	44.40	42.15	40.03
18	47.78	45.15	42 69	40.34	38.16
19	46 40	43.64	41.05	38.61	36.31
20	45.05	42.16	39.47	36.95	34.58
21	43.72	40.73	37.95	35.35	32.93
22	42.44	39.36	36.49	33 83	31.37
23	41.21	38.03	35.09	32.38	29.87
24	40.01	36.74	33.74	30.98	28.45
25	38.84	35.50	32.44	29.71	27.10
26	37.71	34.30	31.19	28.37	25.81
27	36.61	33.14	29.99	27.15	24.58
28	35.55	32.02	28.84	25.98	23.41
29	34 51	30.93	27.73	24.86	22.29
30	33.51	29.89	26.66	23.79	21.22
31	32.53	28.88	25.64	22.77	20.22
32	31.58	27.90	24.65	21.79	19.26
33	30.66	26.96	23.70	20.85	18.34
34	29.77	26.05	22.79	19.95	17.47
35	28.90	25.17	21.92	19.09	16.63
36	28.06	24.31	21.07	18.27	15.84
37	27.25	23.49	20.26	17.48	15.09
38	26.45	22.70	19.48	16.73	14.37
39	25.68	21.93	18.73	16.01	13.69
40	24.93	21.18	18.01	15.32	13.03
41	24.21	20.47	17.32	14.66	12.41
42	23.50	19.78	16.65	14.03	11.82
43	22.82	19.11	16.01	13.42	11.26
44	22.15	18.46	15.36	12.85	10.72
45	21.51	17.83	14.81	12.29	10.21
46	20.88	17.24	14.24	11.76	9.73
47	20.27	16.65	13.69	11.26	9.26
48	19.68	16.09	13.16	10.77	8.82
49	19 11	15.55	12.66	10.31	8.40
50	18.55	15.02	12.17	9.86	8.00

For explanation, see page 209.

No. 14.

every year, for 15 years, and compounded, an- in 16 to 50 years.

6 Per cent.	7 Per cent.	8 Per cent.	9 Per cent.	10 Per cent.	Years.
Col. 6.	Col. 7.	Col. 8.	Col. 9.	Col. 10.	
$38.24	$34.75	$31.58	$28.67	$26.01	16
36.07	32.48	29.24	26.30	23.65	17
34.03	30.36	27.07	24.13	21.50	18
32.10	28.37	25.07	22.14	19.54	19
30.29	26 52	23.21	20.31	17.77	20
28.57	24.78	21.49	18.63	16.19	21
26.96	23.16	19.90	17.09	14.68	22
25.43	21.65	18.43	15.68	13.35	23
23.99	20.23	17.06	14.41	12.14	24
22.63	18.91	15.79	13.20	11.03	25
21.35	17.67	14.63	12.11	10.03	26
20.14	16.51	13.54	11.11	9.12	27
19.00	15.29	12.54	10.19	8.29	28
17.93	14.42	11.61	9.36	7.54	29
16.91	13.48	10.75	8.58	6.85	30
15.59	12.60	9.96	7.87	6.23	31
15.05	11.77	9.22	7.22	5.67	32
14.20	11.00	8.54	6.63	5.15	33
13 39	10.29	7.91	6.08	4.68	34
12.64	9.62	7.32	5.58	4.25	35
11.25	8.98	6.78	5.12	3.87	36
11.24	8.39	6.21	4.69	3.52	37
10.61	7.85	5.81	4.31	3.10	38
10.01	7.33	5.38	3.95	2.91	39
9.44	6.85	4.98	3.63	2.65	40
8.91	6.40	4.62	3.33	2.41	41
8.40	5.99	4.27	3.05	2.18	42
7.93	5.59	3.95	2.80	1.99	43
7.48	5.23	3.66	2.57	1.84	44
7.05	4.86	3.39	2.36	1.64	45
6.66	4.57	3.14	2.16	1.49	46
6.29	4.27	2.91	1.98	1.31	47
5.93	3 99	2.69	1.82	1.23	48
5.59	3.73	2.49	1.67	1.11	49
5.27	3.49	2.31	1.54	1.01	50

For explanation, see page 209.

TABLE

Showing how much money must be in compounded, annually, to amount

Years.	3 Per cent.	3½ Per cent.	4 Per cent.	4½ Per cent.	5 Per cent.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.
21	$35.08	$33.01	$31.05	$29.19	$27.43
22	34.05	31.90	29.85	27.93	26,12
23	33.07	30.81	28.71	26.73	25.23
24	32.10	29.77	27.60	25.58	23.70
25	31.17	28.77	26.54	24.48	22.57
26	30.33	27.79	25.52	23.42	21.49
27	29.38	26.85	24.54	22.42	20.46
28	28.52	25.95	23.60	21.45	19.50
29	27.69	25,07	22.69	20.53	18.57
30	26.89	24.22	21.82	19.64	17.68
31	26.10	23 49	20.98	18.80	16.84
32	25.34	22.51	20.17	17.99	16.03
33	24 60	21.85	19.39	17.21	15.28
34	23.89	21.11	18.65	16.47	14.55
35	23.19	20.40	17.93	15.76	13.86
36	22.52	19.70	17.24	15.08	13.20
37	21.86	19.04	16.58	14.43	12.56
38	21.21	18.39	15.94	13.81	11.99
39	20.61	17.77	15.33	13.21	11.40
40	20.01	17·17	14.40	12.64	10.86
41	19.42	16.59	14.17	12.10	10.34
42	18.86	16.04	13.63	11.58	9.85
43	18.31	15.49	13.10	10.09	9.38
44	17.77	14.96	12.60	10.61	8.93
45	17.25	14.46	12.11	10.15	8.51
46	16.75	13.97	11.65	9.71	8.10
47	16.27	13.50	11,20	9.29	7.72
48	15.58	13.04	10.74	8.89	7.35
49	15.33	12.60	10.35	8.51	7.00
50	14.89	12.17	9.96	8.15	6.66

For explanation, see page 209.

No. 15.

vested, every year, for **20** years, and to **$1,000**, in **21** to **50** years.

6 Per cent.	7 Per cent.	8 Per cent.	9 Per cent.	10 Per cent.	Years.
Col. 6.	Col. 7.	Col. 8.	Col. 9.	Col. 10.	
$24.19	$21.31	$18.74	$16.45	$14.43	21
22.83	19.91	17.35	15.09	13.12	22
21.53	18.61	16.06	13.83	11.23	23
20.31	17.39	14.87	12.71	10.84	24
19.17	16.25	13.77	11.66	9.86	25
18.08	15.19	12.75	10.69	8.96	26
17.06	14.19	11.80	9.81	8.15	27
16.09	13.26	10.93	9.00	7.42	28
15.18	12.40	10.12	8.26	6.73	29
14.32	11 58	9 38	7.57	6.12	30
13.55	10.83	8.68	6.95	5.56	31
12.75	10.12	8.04	6.38	5.06	32
12.02	9.46	7.44	5.85	4.60	33
10.86	8.84	6.89	5.37	4.18	34
10.70	8 27	6.38	4.92	3.80	35
10.09	7.72	5.91	4.52	3.45	36
9 52	7.22	5.47	4.14	3.15	37
8.99	6.75	5.06	3.80	2.86	38
8.48	6.30	4.69	3.49	2.60	39
8 00	5.89	4.34	3.20	2.36	40
7.54	5.51	4.02	2.93	2.15	41
7.12	5.15	3.72	2.69	1.95	42
6.72	4.81	3.45	2.48	1.77	43
6.34	4.50	3.20	2.27	1.61	44
5.98	4.20	2.96	2.08	1.47	45
5.64	3.93	2.74	1.91	1.33	46
5.32	3.67	2.53	1.75	1.21	47
5.02	3.43	2.35	1.61	1.11	48
4.73	3.20	2.17	1.47	1.00	49
4.47	2.99	2.01	1.35	.91	50

For explanation, see page 209.

TABLE No. 16.

Actuaries' Table of Mortality.

Age.	Number living.	Deaths each year.	Per cent. of deaths to the living.	Expectation of life.	Net Premiums. Actuaries' 4 per cent.	
					Level Ann. Prem. to insure $1,000 for life.	Natural Pr'm. to insure $1000 one year.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.	Col. 6.
10	100,000	676	.006760	48.36	10.43	6.50
11	99,324	674	.006786	47.68	10.63	6.53
12	98,650	672	.006812	47.01	10.84	6.55
13	97,978	671	.006848	46.33	11.07	6.59
14	97,307	671	.006896	45.64	11.30	6.63
15	96,636	671	.006944	44.96	11.54	6.68
16	95,965	672	.007003	44.27	11.80	6.73
17	95,293	673	.007062	43.58	12.07	6.79
18	94,620	675	.007134	42.88	12.35	6.86
19	93,945	677	.007206	42.19	12.64	6.93
20	93,268	680	.007291	41.49	12.95	7.01
21	92,588	683	.007377	40.79	13.27	7.09
22	91,905	686	.007464	40.09	13.61	7.18
23	91,219	690	.007564	39.39	13.96	7.27
24	90,529	694	.007666	38.68	14.33	7.37
25	89,835	698	.007770	37.98	14.72	7.47
26	89,137	703	.007887	37.27	15.13	7.58
27	88,434	708	.008006	36.56	15.56	7.70
28	87,726	714	.008139	35.86	16.01	7.83
29	87,012	720	.008275	35.15	16.48	7.96
30	86,292	727	.008425	34.43	16.97	8.10
31	85,565	734	.008578	33.72	17.49	8.25
32	84,831	742	.008747	33.01	18.04	8.41
33	84,089	750	.008919	32.30	18.62	8.58
34	83,339	758	.009095	31.58	19.23	8.75
35	82,581	767	.009288	30.87	19.87	8.93
36	81,814	776	.009485	30.15	20.54	9.12
37	81,038	785	.009687	29.44	21.26	9.31
38	80,253	795	.009906	28.72	22.02	9.53
39	79,458	805	.010131	28.00	22.82	9.74
40	78,653	815	.010362	27.28	23.68	9.96
41	77,838	826	.010612	26.56	24.59	10.20
42	77,012	839	.010894	25.84	25.55	10.48
43	76,173	857	.011251	25.12	26.59	10.82
44	75,316	881	.011697	24.40	27.68	11.25
45	74,435	909	.012212	23.69	28.85	11.74
46	73,526	944	.012839	22.97	30.08	12.35
47	72,582	981	.013517	22.27	31.39	13.00
48	71,601	1,021	.014260	21.56	32.77	13.71
49	70,580	1,063	.015061	20.87	34.23	14.48
50	69,517	1,108	.015939	20.18	35.78	15.33
51	68,409	1,156	.016898	19.50	37.42	16.25
52	67,253	1,207	.017947	18.82	39.15	17.26
53	66,046	1,261	.019093	18.16	41.00	18.36
54	64,785	1,316	.020313	17.50	42.95	19.53

For explanation, see page 209.

TABLE No. 16. —CONTINUED.

Actuaries' Table of Mortality.

AGE.	Number living.	Deaths each year.	Per cent. of deaths to the living.	Expectation of life.	NET PREMIUMS. Actuaries' 4 per cent.	
					Level Ann. Prem. to insure $1,000 for life.	Natural Pr'm. to insure $1000 one year.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.	Col. 6.
55	63,469	1,375	.021664	16.86	$45.03	$20.83
56	62,094	1,436	.023126	16.22	47.23	22.24
57	60,658	1,497	.024679	15.59	49.57	23.73
58	59,161	1,561	.026386	14.97	52.07	25.37
59	57,600	1,627	.028247	14.37	54.72	27.16
60	55,973	1,698	.030336	13.77	57.56	29.17
61	54,275	1,770	.032612	13.18	60.57	31.36
62	52,505	1,844	.035120	12.61	63.78	33.77
63	50,661	1,917	.037840	12.05	67.20	36.38
64	48,744	1,990	.040826	11.51	70 84	39.26
65	46,754	2,061	.044082	10.97	74.72	42.39
66	44,693	2,128	.047614	10.46	78.85	45.78
67	42,565	2,191	.051474	9.96	83.24	49.49
68	40,374	2,246	.055630	9.47	87.91	53.49
69	38,128	2,291	.060087	9.00	92.89	57.78
70	35,837	2,327	.064933	8.54	98.20	62.44
71	33,510	2,351	.070158	8.10	103.87	67.46
72	31,159	2,362	.075805	7.67	109.91	72.89
73	28,797	2,358	.081884	7.26	116.36	78.73
74	26,439	2,339	.088468	6.86	123.25	85.07
75	24,100	2,303	.095560	6.48	130.61	91.89
76	21,797	2,249	.103179	6.11	138.49	99.21
77	19,548	2,179	.111469	5.76	146.94	107.18
78	17,369	2,092	.120444	5.42	155.98	115.81
79	15,277	1,987	.130065	5.09	165.68	125.06
80	13,290	1,866	.140406	4.78	176.10	135.01
81	11,424	1,730	.151436	4.48	187.32	145.61
82	9,694	1,582	.163194	4.18	199.49	156.92
83	8,112	1,427	.175912	3.90	212.78	169.15
84	6,685	1,268	.189678	3.63	227.42	182.38
85	5,417	1,111	.205095	3.36	243.73	197.21
86	4,306	958	.222480	3.10	262.03	213.92
87	3,348	811	.242234	2.84	282.69	232.92
88	2,537	673	.265274	2.59	306.23	255.07
89	1,864	545	.292382	2.35	333.15	281.14
90	1,319	427	.323730	2.11	363.90	311.28
91	892	322	.360987	1.89	399.27	347.10
92	570	231	.405263	1.67	439.95	389.68
93	339	155	.457227	1.47	486.07	439.64
94	184	95	.516304	1.28	537.29	496.45
95	89	52	.584270	1.12	592.71	561.80
96	37	24	.648640	.99	645.62	623.70
97	13	9	.692308	.89	693.08	665.68
98	4	3	.750000	.75	767.74	721.15
99	1	1	1.000000	.50	961.54	961.54

For explanation, see page 209.

TABLE No. 17.

American Experience Table of Mortality.

Age.	Number living.	Deaths each year.	Per cent. of deaths to the living.	Expectation of life.	Net Premiums, American—4 per cent.	
					Level Ann. Prem. to insure $1,000 for life.	Natural Pr'm. to insure $1000 one year.
	Col. 1.	Col. 2.	Col. 3.	Col. 4.	Col. 5.	Col. 6.
10	100,000	749	.007490	48.72	10.53	7.20
11	99,251	746	.007516	48.08	10.70	7.23
12	98,505	743	.007543	47.45	10.88	7.25
13	97,762	740	.007569	46.80	11.06	7.28
14	97,022	737	.007596	46.16	11.26	7.30
15	96,285	735	.007634	45.50	11.47	7.34
16	95,550	732	.007661	44.85	11.69	7.37
17	94,818	729	.007688	44.19	11.91	7.39
18	94,089	727	.007727	43.53	12.15	7.43
19	93,362	725	.007765	42.87	12.40	7.46
20	92,637	723	.007805	42.20	12.67	7·50
21	91,914	722	.007855	41.53	12.95	7·55
22	91,192	721	.007906	40.85	13.24	7·60
23	90,471	720	.007958	40.17	13.55	7·65
24	89,751	719	.008011	39.49	13.87	7·70
25	89,032	718	.008065	38.81	14.21	7·75
26	88,314	718	.008130	38.12	14.57	7.82
27	87,596	718	.008197	37.43	14.95	7.88
28	86,878	718	.008264	36.73	15.35	7.95
29	86,160	719	.008345	36.03	15.77	8.02
30	85,441	720	.008427	35.33	16.21	8.10
31	84,721	721	.008510	34.63	16.68	8.18
32	84,000	723	.008607	33.93	17.18	8.28
33	83,277	726	.008718	33.21	17.70	8.38
34	82,551	729	.008831	32.50	18.26	8.49
35	81,822	732	.008946	31.78	18.84	8.60
36	81,090	737	.009089	31.07	19.46	8.74
37	80,353	742	.009234	30.35	20.12	8.88
38	79,611	749	.009408	29.62	20.82	9.05
39	78,862	756	.009586	28.90	21.57	9.22
40	78,106	765	.009794	28.18	22.35	9.42
41	77,341	774	.010008	27.45	23.19	9.62
42	76,567	785	.010252	26.72	24.08	9.86
43	75,782	797	.010517	26.00	25.03	10.11
44	74,985	812	.010829	25.27	26.04	10.41
45	74,173	828	.011163	24.54	27.12	10.73
46	73,345	848	.011562	23.81	28.27	11.12
47	72,497	870	.012000	23.08	29.50	11.54
48	71,627	896	.012509	22.36	30.81	12.03
49	70,731	927	.013106	21.63	32.21	12.60
50	69,804	962	.013781	20.91	33.70	13.25
51	68,842	1,001	.014541	20.20	35.29	13.98
52	67,841	1,044	.015389	19.49	36.98	14.80

For explanation, see page 210.

TABLE No. 17. —CONTINUED.

American Experience Table of Mortality.

AGE.	Number living.	Deaths each year.	Per cent. of deaths to the living.	Expectation of life.	NET PREMIUMS. American—4 per cent.	
					Level Ann. Prem. to insure $1,000 for life.	Natural Pr'm. to insure $1000 one year.
	Col 1.	Col. 2.	Col. 3.	Col 4.	Col. 5.	Col. 6
53	66,797	1,091	.016333	18.79	$38.79	$15.71
54	65,706	1,143	.017396	18.09	40.73	16.73
55	64,563	1,199	.018571	17.40	42.79	17.86
56	63,364	1,260	.019885	16.72	45.00	19.12
57	62,104	1,325	.021335	16.05	47.35	20.52
58	60,779	1,394	.022936	15.39	49.87	22.05
59	59,385	1,468	.024720	14.74	52.57	23.77
60	57,917	1,546	.026693	14.10	55.45	25.67
61	56,371	1,628	.028880	13.47	58.54	27.77
62	54,743	1,713	.031292	12.86	61.84	30.09
63	53,030	1,800	.033943	12.26	65.39	32.64
64	51,230	1,889	.036873	11.67	69.18	35.46
65	49,341	1,930	.040129	11.10	73.25	38.59
66	47,361	2,070	.043707	10.54	77.61	42.03
67	45,291	2,158	.047647	10.00	82.28	45.82
68	43,133	2,243	.052002	9.47	87.29	50.00
69	40,890	2,321	.056762	8.97	92.65	54.58
70	38,569	2,391	.061993	8.48	98.39	59.61
71	36,178	2,448	.067665	8.00	104.54	65.07
72	33,730	2,487	.073733	7.55	111.13	70.81
73	31,243	2,505	.080178	7.11	118 21	77.09
74	28,738	2,501	.087028	6.68	125.85	83.68
75	26,237	2,476	.094371	6.27	134.14	90.74
76	23,761	2,431	.102311	5.88	143.19	98.38
77	21,330	2,369	.111064	5.49	153.13	106.79
78	18,961	2,291	.120827	5.11	164.11	116.18
79	16,670	2,196	.131734	4.74	176·30	126.67
80	14,474	2,091	.144466	4.39	189.87	138.91
81	12,383	1,964	.158605	4.05	204.95	152.89
82	10,419	1,816	.174297	3.71	221.82	167.59
83	8,603	1,648	.191561	3.39	240.90	184.19
84	6,955	1,470	.211359	3.08	262.88	203.23
85	5,485	1,292	.235552	2.77	288.60	226.49
86	4,193	1,114	.265681	2.47	318.81	255.46
87	3,079	933	.303020	2.18	354.03	291.37
88	2,146	744	.346692	1.91	394.52	333.36
89	1,402	555	.395863	1.66	441.22	380.64
90	847	385	.454545	1.42	497.08	437.06
91	462	246	.532466	1.19	566.27	511.98
92	216	137	.634259	.98	649.34	609.86
93	79	58	.734177	.80	736.31	705.94
94	21	18	.857143	.64	840.75	824.18
95	3	3	1.000000	.50	961.54	961.54

For explanation, see page 210

TABLE No. 18.

Constructed from the American Experience Table of Mortality, showing the chances, at a given age, of dying within a specified number of years thereafter.

Age.	Chances in 100 of dying within 10 years.	Chances in 100 of dying within 15 years.	Chances in 100 of dying within 20 years.	Chances in 100 of dying within 25 years.	Chances in 100 of dying within 30 years.	Chances in 100 of dying within 35 years.
20	7.77	11.67	15.69	19.93	24.65	30.31
25	8.10	12.27	16.67	21.60	27.48	34 95
26	8.18	12.43	16.95	22.05	28.25	36.20
27	8.27	12.59	17.24	22.55	29.10	37.51
28	8.37	12.77	17.55	23.11	30.04	38.96
29	8.47	12.97	17.91	23.74	31.08	40.54
30	8.59	13.19	18.30	24.43	32.21	42.25
31	8.71	13.43	18.74	25.21	33.46	44.10
32	8.85	13.69	19.24	26.07	34.83	46.08
33	9.00	13.99	19.79	27.02	36.32	48.21
34	9.17	14.32	20.41	28.06	37.94	50.47
35	9.35	14.69	21.09	29.22	39.70	52.86
36	9.55	15.10	21.86	30.48	41.59	55.39
37	9.78	15.57	22.71	31.87	43.63	58.02
38	10.03	16.10	23.66	33.39	45.82	60.76
39	10.31	16.68	24.70	35.04	48.15	63.56
40	10.63	17.34	25.85	36.83	50.62	66.41
41	10.99	18.07	27.11	38.76	53.22	69.28
42	11.40	18.89	28.50	40.85	55.95	72.14
43	11.86	19.80	30.02	43.08	58.77	74.99
44	12.37	20.80	31.68	45.47	61.68	77.77
45	12.96	21.92	33.48	48.00	64 63	80.49
46	13.61	22.14	35.43	50.67	67.60	83.12
47	14.34	24.49	37.53	53.47	70.58	85.63
48	15.15	25.96	39.78	56.38	73.53	87.99
49	16.04	27.58	42.19	59.37	76.43	90.17
50	17.03	29.32	44.75	62.41	79.26	92.14
51	18.12	31.20	47.45	65.48	82.01	
52	19.31	33.24	50.28	68.56	84.64	
53	20.61	35.43	53.23	71.61	87.14	
54	22.03	37.77	56.26	74.63	89.41	
55	23.58	40.26	59.36	77.58	91.50	
56	25.26	42.91				
57	27.07	45.69				
58	29.03	48.60				
59	31.14	51.61				
60	33.41	54.70				
61	35.82					
62	38.39					
63	41.08					
64	43.90					
65	46.83					
66	49.83					
67	52.90					
68	56.05					
69	59.15					
70	62.40					

Explanation.—At age 40, what are the chances of living 20 years longer? By looking under the heading "Chances in 100 of dying within 20 years," at the right of age 40, there will be found 25.85. Subtracting this from 100 leaves 74.15 A little more than 74 chances in a hundred to *live*, and a trifle less than 26 chances to die, in the next 20 years, and similarly with reference to any other age or time.

Used by agents in Endowments.

TABLE No. 19.

Age.	Reserve Accumulations. Actuaries 4 per cent.	Face value of policy.	Insurance at risk.
	Col. 1.	Col. 2.	Col. 3.
36	End 1st year.	$114.81	$10,000	$9,885.19
37	" 2d "	233.38	10,000	9,766.62
38	" 3d "	355.90	10,000	9,644.10
39	" 4th "	482.47	10,000	9,517.53
40	" 5th "	613.38	10,000	9,386.62
41	" 6th "	748.56	10,000	9,251.44
42	" 7th "	888.43	10,000	9,111.57
43	" 8th "	1,032.89	10,000	8,967.11
44	" 9th "	1,181.60	10,000	8,818.40
45	" 10th "	1,334.12	10,000	8,665.88
46	" 11th "	1,490.16	10,000	8,509.84
47	" 12th "	1,649.17	10,000	8,350.83
48	" 13th "	1,811.06	10,000	8,188.94
49	" 14th "	1,975.65	10,000	8,024.35
50	" 15th "	2,143.00	10,000	7,857.00
51	" 16th "	2,312.84	10,000	7,687.16
52	" 17th "	2,484.97	10,000	7,515.03
53	" 18th "	2,959.22	10,000	7,340.78
54	" 19th "	2,835.41	10,000	7,164.59
55	" 20th "	3,013.47	10,000	6,986.53
56	" 21st "	3,193.20	10,000	6,806.80
57	" 22d "	3,374.33	10,000	6,625.67
58	" 23d "	3,556.89	10,000	6,443.11
59	" 24th "	3,740.63	10,000	6,259.37
60	" 25th "	3,925.28	10,000	6,074.72
61	" 26th "	4,110.22	10,000	5,889.78
62	" 27th "	4,295.20	10,000	5,704.80
63	" 28th "	4,479.76	10,000	5,520.24
64	" 29th "	4,663.63	10,000	5,336.37
65	" 30th "	4,846.38	10,000	5,153.62
66	" 31st "	5,027.75	10,000	4,972.25
67	" 32d "	5,207.18	10,000	4,972.82
68	" 33d "	5,384.50	10,000	4.615.50
69	" 34th "	5,559.47	10,000	4,440.53
70	" 35th "	5,732.01	10,000	4,267.99
75	" 40th "	6,550.10	10,000	3,449.90
80	" 45th "	7,281.49	10,000	2,718.51
100	" 65th "	10,000.00	10,000	0,000.00

Often referred to in Chapter VI.

TABLE No. 19.—Continued.

1 Per cent. of reserve.	2 per cent. of reserve.	3 per cent. of reserve.	4 per cent. of reserve.	Age.
Col. 4.	Col. 5.	Col. 6.	Col. 7.	
$1.15	$2.30	$3.45	$4.60	36
2.33	4.66	6.99	9.32	37
3.56	7.12	10.68	14.24	38
4.82	9.64	14.46	19.28	39
6.13	12.26	18.39	24.52	40
7.49	14.98	22.47	29.96	41
8.88	17.76	26.64	35.52	42
10.33	20.66	30.99	41.32	43
11.82	23.64	35.46	47.28	44
13.34	26.68	40.02	53.36	45
14.90	29.80	44.70	59.60	46
16.49	32.98	49.47	65.96	47
18.11	36.22	54.33	72.44	48
19.76	39.52	59.28	79.04	49
21.43	42.86	64.29	85.72	50
23.13	46.26	69.39	92.52	51
24.85	49.70	74.55	99.40	52
26.59	53.18	79.77	106.36	53
28.35	56.70	85.05	113.40	54
30.13	60.26	90.39	120.52	55
31.93	63.86	95.80	127.73	56
33.74	67.49	101.23	134.97	57
35.57	71.13	106.70	142.27	58
37.41	74.81	112.21	149.62	59
39.25	78.50	117.75	157.00	60
41.10	82.20	123.31	164.41	61
42.95	85.90	128.86	171.81	62
44.80	89.59	134.39	179.19	63
46.64	93.27	139.90	186.54	64
48.46	96.92	145.38	193.84	65
50.28	100.55	150.83	201.11	66
52.07	104.14	156.21	208.28	67
53.85	107.69	161.53	215.38	68
55.59	111.19	166.78	222.37	69
57.32	114.64	171.96	229.28	70
65.50	131.00	196.50	262.00	75
72.81	145.62	218.43	291.24	80
100.00	200.00	300.00	400.00	100

Often referred to in Chapter VI.

ADDENDA.

NOTE 1. The only difference in effect, concerning cash surrender values of policies issued by Massachusetts Companies, between the Massachusetts Insurance law of 1880 (see pages 71 and 72) and the law of 1887 hereunto appended, is, that under the former law there was a difference of opinion as to whether the holder of a policy—except industrial policies—could demand the cash surrender value of the same when there were minor or dependent children; the latter law gives the holder of any and all forms of policies the right to demand cash surrender values on any anniversary after two full annual premiums shall have been paid thereon. The law of 1887 also gives the Massachusetts Companies the right to deduct five per cent. from the surrender value of all endowment policies, this right however, has been and is being waived, wholly or in part, by most of the Companies of that State.

EXTRACT FROM THE MASSACHUSETTS INSURANCE ACT OF 1887.

SECT. 76. All policies hitherto issued by any domestic life insurance company* shall be subject to the provisions of law applicable and in force at the date of such issue. No policy of life or endowment assurance hereafter issued by any such company shall become forfeit or void for non-payment of premium after two full annual premiums, in cash or note, or both, have been paid thereon; but in case of default in the payment of any subsequent premium, then, without any further stipulation or act, such policy shall be binding upon the company for the amount of paid-up insurance which the then net value of the policy and all dividend additions there on, computed by the rule of section eleven, less any indebtedness to the company on account of said policy, and less the surrender charge provided herein, will purchase as a net single premium for life or endowment insurance maturing or terminating at the time and in the manner provided in the original policy contract; and such default shall not change or effect the conditions or terms of the policy, except as regards the payment of premiums and the amount payable thereon. Said surrender charge shall be eight per cent of the insurance value of the policy at the date of default, which insurance value is the present value of all the normal future yearly costs of insurance which by

*—Section 1 of this law says "the word 'domestic' designates those companies incorporated or formed in this Commonwealth."

its terms said policy is exposed to pay in case of its continuance, computed upon the rate of mortality and interest assumed in section eleven ["Combined Experience" or "Actuaries' Table" rate of mortality with interest at the rate of four per cent. per annum.] Every such policy, after the payment of two ful annual premiums thereon, shall have a surrender value which shall be its net value, less the surrender charge, and less any indebtedness to the company on account of the said policy, and its holder may, upon any subsequent anniversary of its issue, surrender the same and claim and recover from the company such surrender value in cash: *Provided*, that from the surrender value of all endowment policies the company may deduct five per cent. * * * * * * Upon surrender, on any anniversary of its issue, of a policy which has become paid up after the payment of two full annual premiums, by force of the statute upon default in payment of premium, the holder shall be entitled to its net value, payable in cash: *provided*, that from such net value of all endowment policies the company may deduct five per cent. But no surrender of a policy shall be made without the written assent of the person to whom the policy is made payable. Any condition or stipulation in the policy or elsewhere, contrary to the provisions of this section and any waiver of such provisions by the assured, shall be void.

INDEX.

Abstract of Net Values—Uses to the Insured 53
Accumulations—Explanation of..... 22
Actuary Definition of 22
Actuaries' Table of Mortality—By whom Constructed 20
Addenda..... 247
Ætna Life Insurance Company 103
American Table of Mortality—By whom Constructed..... 21
Anecdotes—With Reference to Mortality 66
Assets 23
Assessment System In General—Its Distinguishing Characteristics—Requisites for Soundness and Permanency. 154-157
Assessment System as Operated By—
(1) Fidelity Mutual Life Association 157-180
(2) Hartford Life and Annuity Company 181-195
Brokerage—Definition of 23
Berkshire Life Insurance Company—Letter from the—With Reference to the Law of 1880... 78
Table 104
Commissions—Definition of..... 24
Committee—Names of, to Investigate Tontine Insurance.... 42
Committee—Report of—On Tontines..... 42
Committee—Extracts from Evidence taken before—On Tontines 46-52
Company—Life Insurance 24
(1) Stock Company 24
(2) Mutual Company 24
(3) Mixed Company 24
Companies—Assessment..... 154-195
(1) Fidelity Mutual Life Association 157-180
(2) Hartford Life and Annuity Company..... 181-195
Companies—Classification of..... 71-102
Class A 71-83
Class B..... 84-93
Class C 94-102
Companies—List of Level Premium..... 103-126
Ætna Life..... 103
Berkshire 104
Connecticut Mutual 105

Equitable Life. 106
Germania 107
Home Life 108
Massachusetts Mutual 109–111
Michigan Mutual 112–113
Mutual Benefit 114
Mutual Life 115
National Life 116
New York Life 117
Northwestern 118
Penn Mutual 119
Phœnix Life 120
Provident Life and Trust 121
State Mutual 122
Union Central 123
Union Mutual Life 124
United States Life 125
Washington Life 126
Companies—Natural Premium—
Imperial Life 147–148
Kansas Mutual Life Association 148–153
Life Indemnity and Investment Company 142–147
Provident Savings Life Assurance Society 138–142
Companies—Tontine—Doing Business in Ohio 43
Connecticut Mutual Life Insurance Company 105
Contents by Chapters 3–6
Dividend Accumulations 22
Dividends—Contribution System of 25
Reversionary 25
Dividends—Sources of 65–70
(1) From Savings of Interest 65
(2) From Savings of Mortality 66
(3) From Savings of Expenses 67
(4) From Lapses and Forfeitures 68
(5) From Cash Surrender Values 69
(6) From Changes 70
Endowment Insurance 32–38
Endowment Premiums—Analyzed 34
Endowments—Matured—Examples of 35
Age 39 to 55—Dividends Used 35
Age 39 to 49—Dividends Used 36
Age 40 to 55—Dividends Used 36
Age 37 to 55—Dividends Used 37
Age 40 to 60—Dividends Used 37
Age 22 to 35—Ten Annual Payments—Dividends Used to Purchase Additions 38
Age 35 to 45—Dividends Used to Purchase Additions 38
Endowment—Semi 38

Equitable Life Insurance Company—Testimony of, etc ... 46-49
Table 106
Expectation of Life 26
Expenses—Life Insurance—
(1) Compared with those of Fire Insurance and Railroad Corporations 56
(2) Ratio of—To Premiums or Gross Receipts 57
(3) Ratio of—To Net Insurance Claims Paid—a New Test 57
Expense Element of a Premium 64
Failures—Life Insurance 54
Fidelity Mutual Life Association 157-180
Author of the Plan 177
Annual Rates for $1,000 Insurance, Including Expense Charge 177
Corporate Powers—By Law, etc 178
Equation Rate of Fouse Plan 171-173
Explanation and Application of Table 3 164
Foundation Principles 158-159
Notation—Tables of Formulæ—Examples Illustrating the Uses of Formulæ 173-175
Proof of Sufficiency of Rates—With Tables 1, 2, 3 .. 159-163
Table 5—Explanation of Same 166-170
Fire Insurance—Definition of 17
Forfeiture—Definition of 26
Germania Life Insurance Company—Table 107
Hartford Life and Annuity Insurance Company 181-195
(1) Admission Fees 183
(2) Annual Dues 183
(3) Certificate of Membership—Full Text 187 192
(4) Cost of Insurance for Six Years, Ending December 31, 1885—Table I 186
(5) Mortuary Payments 183
(6) Rates of Assessments—Table J 195
(7) Safety Fund Deposits 184
(8) Trustees Contract 192-195
Home Life Insurance Company—Table 108
Imperial Life Insurance Company 147
Insurance—Fire—Definition of 17
Life—Definition of 17
Life and Fire Compared 17
Insurance at Risk in Level Premium System Compared with Insurance at Risk in the Natural Premium System .. 130-133
Interest—History of—Table, etc 202-204
Interest Laws of the States 205
Introduction 7-15
Iowa Life Insurance Law, 1873 96-97
(1) Amended 146-147

John Hancock Mutual Life Insurance Company — Letter From—With Reference to the Law of 1880 77
Kansas Mutual Life Association, Hiawatha, Kas 148-153
(1) Brief Statement of Changes made from 1882-1887 .. 148
(2) Policy—Full Text 151-152
(3) Premiums — How Collected — Of what Elements Composed—Sources of Dividends, etc 148-149
(4) Table of Rates 150
Lapse—Definition of 26
Lapses and Forfeiture—Statistics with Reference to 67-69
Law of Mortality 19
Legal Reserve in the Level Premium System Compared with the Legal Reserve in the Natural Premium System .. 129-134
Level Premium—Analysis of a 59-70
Level Premium Compared with Natural Premium 129-130
Level Premium Companies—
Class A 71
Class B 84
Class C 96
Tables 103-126
Level Premium System 59-126
Liability—Policy 23
Total 23
Life Insurance—Definition of 17
Unanswerable Arguments for 17-19
Life Indemnity and Investment Company 142-147
(1) Distribution of Surplus 145
(2) Full Text of Policy—Face and Back—Table of Rates 141-144
(3) Guaranty Fund 145
(4) Insurance Law 146-147
(5) Investment Bond — Kinds — Assumed Example of Twenty Year Bond 146-147
Loading—Definition of 26-24
Loss—Definition of 26
Man—As Productive Property—Why He should be Insured . 17
Maine Non-Forfeiture Law, 1877—With Assumed Example Illustrating the Same 84
Massachusetts Non-Forfeiture Law, 1880 71
Massachusetts Assessment Law, 1885—Abstract of the 196
Massachusetts Mutual Life Insurance Company—Letter from the—With Reference to Law of 1880 75
Statement for 1887—Showing Condition of Company. 110-111
Table 109
McCall, Jr., Hon. Jno. A.—Remarks of—On Co-operative Business 199
Michigan Non-Forfeiture Law of 1881—With Assumed Example Illustrating the Same 86-91

Michigan Mutual Life Insurance Company—Brief Statement showing some attractive Features 113
Table 112
Mixed Company—Definition of 24
Mortality—Definition of 26
Law of 19
Mortality Tables—How Constructed 20-21
Mortality Element of a Premium 63-64
Mutual Company—Definition of 24
Mutual Benefit Life Insurance Company—Table 114
Mutual Life Insurance Company—Table 115
National Banks 38
National Life Insurance Company—Table 116
Natural Premium—Analysis of the 129
Natural Premium—Compared with Level Premium 129-130
Natural Premium System in General 127-138
Natural Premium System, as Operated by—
(1) Imperial Life Insurance Company 147-148
(2) Kansas Mutual Life Association 148-153
(3) Life Indemnity and Investment Company 142-147
(4) Provident Savings Life Assurance Society of New York 138-142
New England Mutual Life Insurance Company—Letter from —With Reference to the Law of 1880 70
New York Life Insurance Company—Testimony, etc 49-52
Table 117
New York Life Insurance Law 94
Penn Mutual Life Insurance Company—Table 119
Phœnix Mutual Life Insurance Company—Table 120
Policy—Liability 23
Definition of 27
Single-Payment—With Example 27
Five-Payment Life—With Example 27
Ten-Payment Life—With Example 28
Fifteen-Payment Life 29
Twenty-Payment Life 29
Ordinary Life—With Example 30
Term Life 30
Renewable Term Life 30
Quarterly Renewable Term Life 30
Policies—Assumed Examples of—Illustrating the Massachusetts Non-Forfeiture Law of 1880 78-83
Policies—Examples of—Issued by a Company in Class C 95-96
(1) Matured Endowment, 26 to 45 95
(2) Matured Endowment, 25 to 40 96
(3) Matured Endowment, 25 to 35 96
Policies—Examples of—Illustrating the Iowa Law of 1873. 97-98
Premium—Definition of 52

(1) Expense Element 64
(2) Mortality Element 63
(3) Reserve Element 61
Premium Notes 52
Provident Life and Trust Company—Table 121
Provident Savings Life Assurance Society of New York—
Three Forms of Policies Analyzed 138–142
(1) Non-Participating Form—Rates, etc 138–140
(2) Participating Form 140–141
(3) Partnership Form 142
Renewable Term Insurance—Rates, etc 91–93
Reserve Accumulation 22
Reserve—Definition 53
Reserve Element of a Premium 61–63
Reversionary Dividends 25–26
Semi-Endowment Policies 38
Semi-Tontine Insurance 39–42
Senate Resolutions, No. 100. 42
State Mutual Life Assurance Company—Letter Form—With
Reference to the Law of 1880 75
Table 122
Stock Company—Definition of 24
Surplus—Definition of 53
Tables—Nos. 1 to 19 Inclusive 212–246
Tabor, Mervin—Letters from 72–73
(1) To Hon. Elizur Wright 73
(2) To the Massachusetts Companies 73
Tontine Insurance 39–42
Tontine Insurance—Fully Analyzed—Illustrated by Matured
Policies 98–102
Uniform *per centum* Loading not Equitable, as shown by
Table C, with Explanatory Notes 135–137
Union Central Life Insurance Company 123
Union Mutual Life Insurance Company 124
United States Life Insurance Company 125
Value of a Policy—Net 53
Washington Life Insurance Company 126
Williams, Hon. Ephraim — Remarks of — On Assessment
Insurance 201
Wright, Hon. Elizur—Letter from—With Reference to Massa-
chusetts Law of 1880 73

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